

City of
MARTINEZ
California



**Comprehensive
Annual Financial Report
for the
Fiscal Year Ended
June 30, 2020**

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CITY OF MARTINEZ, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

Prepared by
ADMINISTRATIVE SERVICES DEPARTMENT

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January 27, 2021

Honorable Mayor and Council Members

State law requires that all general-purpose local governments publish a complete set of financial statements, presented in conformity with Generally Accepted Accounting Principles (GAAP), within six months of the close of each fiscal year. Therefore, we are pleased to present the City of Martinez's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. The City is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly set forth the financial position and results of operations of the City measured by the financial activity of its funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Government Code of the State of California requires general law cities, such as the City of Martinez, to have its financial statements audited by an independent certified public accountant. Accordingly, this year's audit was completed by the accounting firm of Maze & Associates. The firm was engaged by the City Council to render an opinion of the City's financial statements in accordance with generally accepted auditing standards. To ensure complete independence, Maze & Associates has full access to the City Council to discuss the results of their assessment of the adequacy of internal accounting controls and the quality of financial reporting. The auditor's report on the basic financial statements is the first item in the accompanying financial statements.

The City of Martinez is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's Circular A-133, Audits of States, Local Governments and Nonprofit Organizations. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued single audit report.

GAAP requires that management provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This letter is designed to complement the MD&A and should be



read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Profile of Martinez

The City's roots can be traced back to 1824 when the Alhambra Valley was included in the Rancho El Pinole Mexican land grant to Ygnacio Martinez. By the late 1840's, the City was a ferryboat transit point across the Carquinez straits on the way to the gold fields of California. The City was officially incorporated in 1876 and serves as the County seat of Contra Costa County. It is located along the Sacramento and San Joaquin rivers in the central part of the County. By the time of its incorporation, Martinez had evolved into one of the area's most significant trading posts and shipping ports. Today, the City covers over 13 square miles and has approximately 37,658 residents. As one of California's first towns, Martinez retains a strong sense of history and family. The renowned naturalist John Muir made Martinez his home for nearly a quarter century and in 1914, the year of Muir's death, the legendary baseball great Joe DiMaggio was born here. One of the unique aspects of Martinez is its architecture. Many of the downtown shops still retain their early 20th century look and charm, with some homes dating back more than 125 years.

The City operates under the Council-Manager form of government. The City Manager is responsible for the efficient implementation of Council policy and the effective administration of all City government affairs. The City is organized into four departments reporting directly to the City Manager. They are Administrative Services, Community and Economic Development, Police and Public Works.

The City provides a full range of services including police, public works, community and economic development, planning, building, engineering and inspection, parks and recreation, and general administrative services. The City's General Fund supports these services. The City enterprise operations consist of the Parking Services, Water System, and Marina Services funds. All these services are accounted for in the City's financial statements.

Economic Outlook

The revised Third Quarter 2020 Gross Domestic Product (GDP) released by the U.S. Department of Commerce Bureau of Economic Analysis showed an annual increase of 33.4%, and an increase of 64.8% from the GDP rate in the Second Quarter. The increase in real GDP in the third quarter reflects continuing efforts to reopen businesses and resume activities that were postponed or restricted due to COVID-19. The increase



reflects increases in personal consumption expenditures (PCE), private inventory investment, exports, nonresidential fixed investment, and residential fixed investment state and local government spending that were partly offset by a negative contribution from decreases in federal government spending (reflecting fewer fees paid to administer the Paycheck Protection Program loans) and state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased. Unemployment improved to 6.7% in November, down from its peak of 14.8% in April at the beginning of the pandemic.

According to the Fall 2020 report prepared by Beacon Economics, LLC, the East Bay labor market added 7,000 jobs in October, bringing nonfarm employment to 89.5% of February 2020 levels. This marks a continued cooling off of employment growth, as month-over-month gains fell to the lowest level since July. Nonetheless, the region's unemployment rate fell 1.4 percentage point to 8.3% in October. This is higher than San Francisco (6.9%) and the South Bay (6.3%).

Although the East Bay continued to add jobs in October, the moderating growth meant that the region recovered only 32% of the jobs lost in March and April. The East Bay trails other major metros in the state in this regard, with San Francisco and South Bay having recovered 38% and 49% respectively. Additional headwinds have reemerged, with COVID-19 cases again surging across the state and county and restrictions on activity enacted. Beyond the health implications of rising new daily cases, the new surge presents renewed challenges for the 124,000 workers who have been unemployed since February.

According to the California Association of Realtors there was a surge in home sales and prices across the East Bay. In Alameda County, where the median price of existing single-family homes was \$910,000 in September 2019, the figure now stands at \$1.05 million, a 15.4% increase. The jump in Contra Costa County was even larger, from \$656,000 in September 2019 to \$793,000, a 19.4% increase. Additionally, year-over-year home sales increased 35.2% in Contra Costa County.

With a slowdown in housing permits, the East Bay will continue to face challenges in growing its supply, a key variable in addressing the affordability crisis that has become a hot-button issue across the state. Nonetheless, the impact of COVID-19 on new housing in the East Bay has been much less detrimental than in San Francisco and the South Bay. Although Alameda County reported 2,058 multifamily permits filed through August 2020, more suburban Contra Costa County reported only 852. This represents a year-over-year change of -18.6% in Alameda County, and 104.8% in Contra Costa County. In



contrast with these divergent snapshots, the situation for single-family permits is virtually identical in the two counties, with Contra Costa County reporting 814 permits and Alameda County reporting 846, representing year-over-year decreases of 22% and 23.4% respectively.

Major Initiatives and Objectives

COVID-19 Pandemic. The onset of the COVID-19 coronavirus pandemic in March of 2020 resulted in an immediate impact to the financial health of the City of Martinez. The imposition of local health orders resulted in severe restrictions to local businesses and significant reductions in sales tax from brick-and-mortar storefronts. The total impact of the COVID-19 pandemic is yet to be determined, but it is clear that global, national and local economies will continue to be negatively affected by the pandemic, at least for some period of time.

The City of Martinez expects to see the greatest impact to the sales tax revenue starting with the final quarter of Fiscal Year 2019-20 and continuing into Fiscal Year 2020-21. However, the recent shift in shopping behavior to online purchases and an increased number of online transactions occurring within the City of Martinez is expected to have a positive impact on sales tax revenues. The full extent of this trend to online shopping will be become clearer during Fiscal Year 2020-21 as shopping behavior may change over time.

The additional operational expenses related to COVID were addressed through a mix of discretionary cost reductions from the City, a decrease in staff expenses, and some support from the City General Fund reserves.

Social Justice Movement. The death of George Floyd at the hands of Minneapolis Police Officers sparked a social justice movement in the United States that has not been seen for over 50 years. The City of Martinez joined this movement and actively sought out ways to celebrate diversity and ensure racial inequalities and injustices are not tolerated in Martinez. To this end, the City embarked on an initiative to solicit input from the community and is in the process of developing a community-led Task Force. This work will continue in Fiscal Year 2020-21 with further input from the community including a review of the City's policies, procedures and programming to ensure inclusion and equity and continue to actively stand against racism and discrimination.

Public Safety. The Police Department continues to focus on recruiting police officers and dispatchers to fill vacancies in a fairly challenging and competitive job market. Recruitment efforts are continuous in order to fill vacancies and expand capacity to provide services. Numerous changes were made to streamline the hiring process and



additional changes were made in light of COVID-19 to transition the interview process for safety of all involved.

The organizational structure was adjusted to include a police Captain, two Lieutenants, and one Professional Standards Sergeant. The Captain position was vacant for several months in 2019 and the recruitment process resulting in the hiring of a Captain from an outside agency. Due to vacancies and retirements, two Lieutenants promotions were made along with three promotions to the rank of Sergeant; all candidates promoted to Lieutenant and Sergeant were from within the organization.

Given the changes in the management and supervisory ranks, the Police Department applied for, and successfully received, a grant from the Peace Officer Standards and Training Commission (POST) for a Team Building Workshop. This facilitated workshop was initially scheduled for April 2020, but was moved to October 2020, due to the pandemic. This workshop resulted in an action plan for the department focused on twelve key areas of focus for the next several years. The key areas of focus are: Hiring/Recruiting Plan; Comprehensive Technology Plan; Schedule and Timeline for regularly scheduled monthly staff meetings; Property and Evidence Audit; Assessment and Modification of the Corporal Training Program; Succession Plan, Training Plan, and Professional Development Program; Review of Department Collateral Duty Assignments; Wellness Program; Mentoring and Coaching Program; Establish New Guidelines and Engagement Strategies for Social Media Team; Homeless Outreach Programs – Continually developing Strategies; and, Development of Universal Expectations for Employees;

Measure H Projects. The residents of Martinez approved Measure H, a \$30 million Parks, Pool and Library Bond measure in November 2008. A total of \$15 million in bonds were issued in May 2009 and an additional \$10 million in bonds were issued in April 2012. The final \$5 million in bonds were issued in 2017. The projects supported by this bond have included construction of the Rankin Aquatic Center; renovation and expansion of the City library; renovations to Waterfront, Hidden Lakes, Hidden Valley, Nancy Boyd, Holiday Highlands, Susana Street, Mountain View and Rankin parks (including Tavan Field); and improvements to tennis and basketball courts at various parks.

A significant Measure H renovation project is being completed for Golden Hills and Highland parks, along with upgrades to the pathways and picnic areas in John Muir Park and Alhambra Park. The Project is primarily funded by over \$2 million from Measure H, with approximately \$350,000 allocated from developer fees and gas tax. Construction is



anticipated to be completed in early 2021. Future projects utilizing the last of the Measure H funding include:

Replacing the playground equipment at Cappy Ricks Park for children ages 5 to 12. The estimated cost is \$140,000 and the design work is scheduled for summer of 2021.

Replacing the Hidden Lakes (Morello Ball Fields) Restroom/Concession Building and making various ADA improvements. Design work is projected to start in summer 2021.

Transportation Improvements. The outlook for substantial road pavement and repair work in Martinez remains bright. Martinez voters overwhelmingly adopted Measure D in November 2016, a half-cent sales tax initiative projected to supply approximately \$3.5 million per year for paving from now until 2032. City Council has approved several pavement preservation projects, funded in part or in whole by Measure D, over the past three years, and will continue to do so through 2032. Martinez's overall street system Pavement Condition Index (PCI) has risen from a value of 58 to a value of 66 over the past three years and will continue to rise in the foreseeable future as more pavement preservation work is accomplished by the City. Thanks to the April 2017 passage of SB 1, the \$52 billion State transportation bill additional state monies are also available for additional pavement preservation. With these substantial new recurring funding sources, the City will be better equipped than ever before to address much-needed pavement preservation concerns. Some of the more significant projects include:

The Downtown Arterial Pavement Project is a grant-funded project to rehabilitate pavement on Court and Pine Streets from Marina Vista to Susana, and seal Alhambra Avenue from Marina Vista to Jones and Berrellesa from Marina Vista to Jones. The project was estimated to cost \$1,900,000 and scheduled for the summer of 2020. Major funding was provided by SB 1 RRMA.

The Pacheco Boulevard / Arnold Drive Intersection Improvements project will provide for a new traffic signal and widening at this intersection. Plans for the project are 95% complete. Total project is estimated to cost \$3,500,000. Major project funding will come from Measure C/J. A significant portion of the project affects the County and a joint effort with the County is being undertaken to identify additional funding.

The On-Call Paving Project will rehabilitate pavement on streets throughout the City. The projects in FY 2019-20 consisted of pavement dig-outs and replacement. Sealing of streets will follow in FY 2020-21. This three-year contract extends through FY 2022. The estimated cost of \$3,600,000 is funded by Measures J & D and Gas Tax.



FY 2020/2021 Pavement Preservation Project will consist of various pavement treatments including asphalt overlay, Cape seal, Slurry seal and ADA ramp rehabilitation to meet federal Department of Justice requirements and Caltrans construction standards. This project will invest approximately \$5,000,000 into Martinez's street system.

Water System Capital Improvements. The City Water System is in the process of major renovations and improvements that are being implemented over a multi-year period. The need and preliminary budgets for these improvements were established in the 2012 Water Master Plan. A Water System Finance Plan and Rate study prepared by Municipal Financial Consultants was approved by Council in April of 2019. The City is issuing \$8.4 million in revenue bonds to finance a major element of the plan, the Ozone System Improvements Project at the Water Treatment Plant. The estimated Capital Improvement Program (CIP) expenditures including the Ozone project improvements are approximately \$2.7 million in Fiscal Year (FY) 2020-21 and \$6.6 million in FY 2021-22.

- GIS Updates: In prior budget cycles, the City implemented a Geographic Information System (GIS) for the water distribution system. Periodically updating this system is necessary. The City budgeted \$20,000 per year in FY 2019-20 and 2020-21 to update the Water System GIS. In FY 2019-20 the City engaged a consultant (Fracta) to prepare a pipeline failure prediction model for \$12,000 and authorized the GIS consultant (Psomas) to update the water main layer on the GIS to include recent subdivisions and City replacement projects for an additional \$10,000. In 2021 the City will spend the remaining \$18,000 that has been budgeted to authorize the GIS consultant to upload the failure prediction model and further update the model.
- Annual Water Main Replacement Project: The City must continue to replace aging water mains that are reaching the end of their useful life. A total of \$400,000 was programmed for FY 2019-20 and \$860,000 in FY 2020-21. The budgets for as yet unidentified mainline replacement projects will be moved forward to the FY 2021-22 / 2022-23 budget cycle to allow for the completion and implementation of the water main failure prediction model.
- Webster Pump Station Replacement Construction: The Webster Pump station was constructed in 1971. The conceptual design of this project was approved in FY 2016-17 pursuant to the recommendations of the 2012 Master Plan. The project provides for old, deteriorated piping to be replaced and pumping improved to increase fire flows to the neighborhood. The design of the project is now 95% complete. Construction was originally scheduled for summer of 2020. The estimated cost of the project, however, grew to \$6,000,000 and construction has been delayed (1) pending the issuance of the bonds for the Ozone Project and (2)



to evaluate possible alternatives to the current design that might reduce the cost of the pump station renovation. The pending development of the Alhambra Highlands development may also influence the design of this facility.

- **WTP Ozone Generator Replacement:** Many of the major components in the Water Treatment Plant ozone generation system are nearing the end of their useful life. Parts are no longer available for the three ozone generators. The design for a replacement system was completed in FY 2019-20. The scope of the design of this project was modified and enhanced to include the replacement of the current air supply system with liquid oxygen, nitrogen and hydrogen. Additionally, a chlorine backup disinfection system and code compliant safety improvements to fire prevention and ventilation systems were added to the project scope. The construction contract was awarded on December 16, 2020. The estimated cost of construction including construction inspection, management, and inspection is approximately \$7 million. Construction will begin in February of 2021 and extend through the fall of 2022.
- **Pump Station Modification Projects:** Several Pump Station Modification Projects are being studied. The Howe Road, Arnold Drive #3 and Muir Oaks Pump Stations are currently planned to be renovated in FY 2022-23 and 2023-24. The combined cost of these three projects was estimated in the 2012 Water Master Plan to be \$1.3 million. The budgeted for these projects has been moved forward to FY 2022-23 and 2023-24 to allow for the completion of the seismic evaluation of several of the City's reservoirs.
- **WTP Settled Water Contactors/Miscellaneous:** The need for this project will be reevaluated during the ozone system improvements project construction phase. The scope and budget of the project will be determined at that time.
- **AWIA Risk and Resilience Assessment and Emergency Response Plan –** Section 2013 of the American Water Infrastructure Act (AWIA) requires the City to prepare assessment of the risks and reliance of the water system to a natural hazards and malevolent attacks (i.e. all hazards). The studies, estimated at \$150,000, must be completed and approved by June 2021.
- **Reservoir Seismic Evaluation –** The City solicited a proposal from Brown and Caldwell in 2018 to prepare a seismic evaluation of the City's existing water storage reservoirs. This study, also estimated to cost \$150,000, will be prepared in the spring of 2021 and will provide essential data to be included in the AWIA study.

General Plan Update. The City of Martinez is in the process of updating its General Plan; the comprehensive, long-term plan for the physical development of the City. Much



of the City's existing General Plan was adopted in 1973. After more than three and a half decades of use, it is appropriate to re-evaluate the scope and content of the document, which exists as the community's statement of its fundamental values and as a shared vision for its future development. The General Plan is intended to articulate how the citizens of Martinez view the community, both now and in the future, and where the community stands on current and future planning and development issues. This project was initiated several years ago but slowed down due to limited staff capacity and ongoing issues related to land use litigation. The City has recently amended a contract with its General Plan Update consultant and is hopeful that the General Plan will be adopted in 2021. A comprehensive Zoning Ordinance update will be initiated after adoption of the new General Plan.

Economic Development. The City's priority of economic development is particularly important to increase and diversify revenues, and to respond to the business needs brought on by COVID-19. Staff has been working on several key economic development projects. Work includes reaching out to the community, including individual businesses, property owners, and brokers, as well as the Chamber of Commerce and Main Street Martinez. Creating programs and improving the infrastructure and quality of life in Martinez are also key economic development goals. Recent programs include the beautification of utility boxes with art, adding modern and automated BigBelly landfill and recycling containers, creating an Outdoor Dining and Retail Display program for merchants to stay open and comply with State and County COVID-19 health orders.

Updating the General Plan and Zoning Ordinance is another means of helping not only the residents, but creating a transparent, consistent and predictable permitting path for developers and businesses, keeping Martinez a great place to live and do business. Additional initiatives include a project to bring a new professional baseball team to play 32 home games in Waterfront Park close to downtown, and installing new Electric Vehicle charging stations at City Hall and in downtown.

Cannabis. The City adopted a Cannabis Management Program in May of 2019. To date, one retail commercial cannabis operator's permit has been awarded. Additionally, cannabis conditional certificates have been awarded to one retail, one non-storefront retail, one distribution, and one manufacturing business. It is expected that operating permits for these businesses will be approved in early 2021.

Marina. Planning for the long-term future of the marina has been a key issue for many years. The City received a grant of marina trust lands in September 2014 through Senate



Bill 1424 which requires trust lands be held by the City, as trustee, for the benefit of all the people of the State for purposes consistent with the public trust doctrine. The doctrine includes protecting maritime or water dependent commerce, navigation, and fisheries, and the preservation of the lands in their natural state for scientific study, open space, wildlife habitat and water-oriented recreation. The marina is an integral part of the shoreline experience that many residents of the region enjoy on a regular basis. It provides opportunities for landside and water recreational experiences, as well as education and research. SB 1424 will help maintain and preserve the Martinez Marina for the enjoyment and use by residents, businesses and public service agencies.

As a condition of the land grant, the City was required to submit a Trust Lands Use Plan (TLUP) by January 1, 2020. The City submitted the first version of a Trust Lands Use Plan to the State Lands Commission (SLC) in November of 2019. The City received comments from the SLC requesting additional information. Revisions to the TLUP are being prepared and it is expected to be completed in 2021. The TLUP will be the foundation and dovetail into a comprehensive specific plan for the Waterfront that emphasizes linkages to the Intermodal Facility, downtown and the rest of the community. The City is also working with the County to coordinate our waterfront and economic development efforts with the County's Northern Waterfront Economic Development Initiative (NWEDI).

The City will continue to work with other agencies to explore the potential of public ferry service in Martinez as a future transportation option.

Lot 4 Plans. The City acquired the property at 821-825 Escobar, which is surrounded by Parking Lot 4. The building was demolished in early 2020, clearing the way for future development at the location.

Old Train Depot. Staff has completed research and studies of the property and expects to bring the matter before Council in 2021 for consideration of a long-term lease agreement.

Climate Action Plan/Sustainability Programs. The City continued its commitment to provide recycling infrastructure and educational programming in area schools through a third transitional agreement with the Martinez Unified School District worth \$18,500 for recycling education services. This agreement follows four years of extensive CalRecycle grant support utilized to launch the program, particularly for K-5 students. The COVID-19 pandemic has necessitated a shift towards development of virtual content that can be



utilized in the schools and also marketed through other channels, including the City's website. The City has initiated a new partnership with New Leaf Collaborative (NLC) and the Boys & Girls Clubs of Contra Costa (BGC) to connect each of their respective programs to complement each other and help reinforce curriculum in the areas of science, nature and ecological literacy.

The City's contract with NLC is to provide and support hands-on learning and leadership opportunities to Martinez Unified School District students. However, given the challenges of the pandemic preventing hands-on experience, the City has explored new ways to incorporate NLC's scope of work into the topics that BGC has to offer, and promote ways MUSD students can continue learning about recycling and sustainability from home. Both organizations utilize resources to link learning to real-life exploration, community-based projects and career focused pathways.

The City's garbage services through Republic Services continues its special "Citywide Cleanup" week in Martinez which includes electronic waste such as TV sets, computer monitors, keyboards, fax machines, cellular phones and more. Also included is a third service for residents or commercial businesses within city limits for extra refuse.

The City is also embarking on a friendly challenge with neighboring cities within Contra Costa County to track each other's progress on policy to address the climate crisis and to engage in discussion and identify creative ways to increase the City's ranking as a Climate Leader. The City continues on average in the areas of Key Legislative Actions, Energy, Utilities, Urban Planning, and engaging Community Groups.

The City also continues to fill a Sustainability Programs Assistant Intern position to provide support in the coordination, outreach, and research relating to the City's Climate Action Plan (CAP) and Sustainability Programs. This position, created in 2012, includes a primary emphasis on the planning, development, and implementation of ongoing grant-funded recycling projects with local K-12 schools, with emphasis on creation of virtual educational content suitable for use in K-5 schools. In addition, duties also include researching potential implementation of Greenhouse Gas Emissions Reductions Strategies from the City's CAP, conducts public outreach to residents and businesses supporting sustainability initiatives by tabling, drafting articles, preparing flyers, writing press releases, and making site visits, and researches potential funding opportunities related to the City's CAP goals.



Financial Information

Accounting System and Internal Controls. In developing and evaluating the City's accounting system, consideration is given to the accuracy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurances regarding the safeguarding of assets against loss from unauthorized use or disposition, as well as the accuracy and reliability of accounting data and the adherence to prescribed managerial policy. The Administrative Services Department has been delegated the responsibility to maintain the integrity of the City's recorded financial data. Accounting for all of the City's activities is centralized under the Finance Division. The Administrative Services Department, in conjunction with City management, is also responsible for establishing and maintaining an internal control structure designed to ensure that the City's assets are protected from loss, theft, or misuse. As a recipient of federal, state, and county financial assistance for a variety of projects or programs, the City is responsible for ensuring that an adequate control structure is in place to comply with applicable laws and regulations related to those projects or programs. City administration believes the existing internal control systems are adequate to provide reasonable assurance the City's assets are safeguarded against loss and that the financial records are reliable for preparing financial statements and maintaining accountability for assets. This belief is supported by the City's "Unqualified" Audit issued for 2020.

Budgeting Controls. The City maintains extensive budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the biennial appropriated budget approved by City Council. Activities of all government and business type funds are included in the biennial budget. The budgetary level of control, the level at which expenditures cannot legally exceed the appropriated amount, for the operating budget is at the department level. For the capital improvement budget, the level of control is at the individual project level. The City also utilizes the encumbrance system as a management control to assist in controlling expenditures. All appropriations lapse at year-end; however, encumbrances and appropriations for unfinished capital and other projects are reviewed and, when warranted, re-appropriated as part of the following year's budget. Budget-to-budget comparisons are included in the Financial Section for the General Fund and Special Revenue Funds.

Debt Administration. The City generally incurs long-term debt to finance projects or purchase assets that will have useful lives equal to or greater than the related debt.

The General Long-term Obligations Account Group provides accounting control over the principal of the City's general long-term debt. This debt will be repaid only out of governmental funds, but is not accounted for in these funds because this debt does not



require an appropriation or expenditure in this accounting period. The City's long-term obligations are reported in the Statement of Net Assets.

Proprietary Fund (Enterprise and Internal Service) long-term debt is maintained in the fund that will repay the debt because the City accounts for these funds on a full-accrual basis in a manner similar to that of commercial operations.

Bond premiums, discounts, and issuance costs are recognized during the period of issuance for governmental fund types. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, the bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges. The City's debt is explained in detail in Note 7 to the Financial Statements.

Other Information

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Martinez for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the 19th consecutive award the City has received from GFOA. In order to be awarded a Certificate of Achievement, a City must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Staff believes that the current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements and as such, will submit it to GFOA to determine its eligibility for another award.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the Administrative Services Department. Special recognition is given to the Finance Division for their efforts in preparing this report. I would also like to thank the City Council for their support in planning and directing the financial operations of the City.



Respectfully Submitted,

Eric Figueroa
City Manager

David Glasser
Finance Director

City of Martinez Key Personnel

June 30, 2020

City Council

Rob Schroder, Mayor

Noralea Gipner, Vice Mayor

Debbie McKillop, Councilmember

Lara DeLaney, Councilmember

Mark Ross, Councilmember

Council Appointees

Eric Figueroa, City Manager

Manjit Sappal, Chief of Police

Elected Officials

Richard Hernandez, City Clerk

Carolyn Robinson, City Treasurer

City Staff

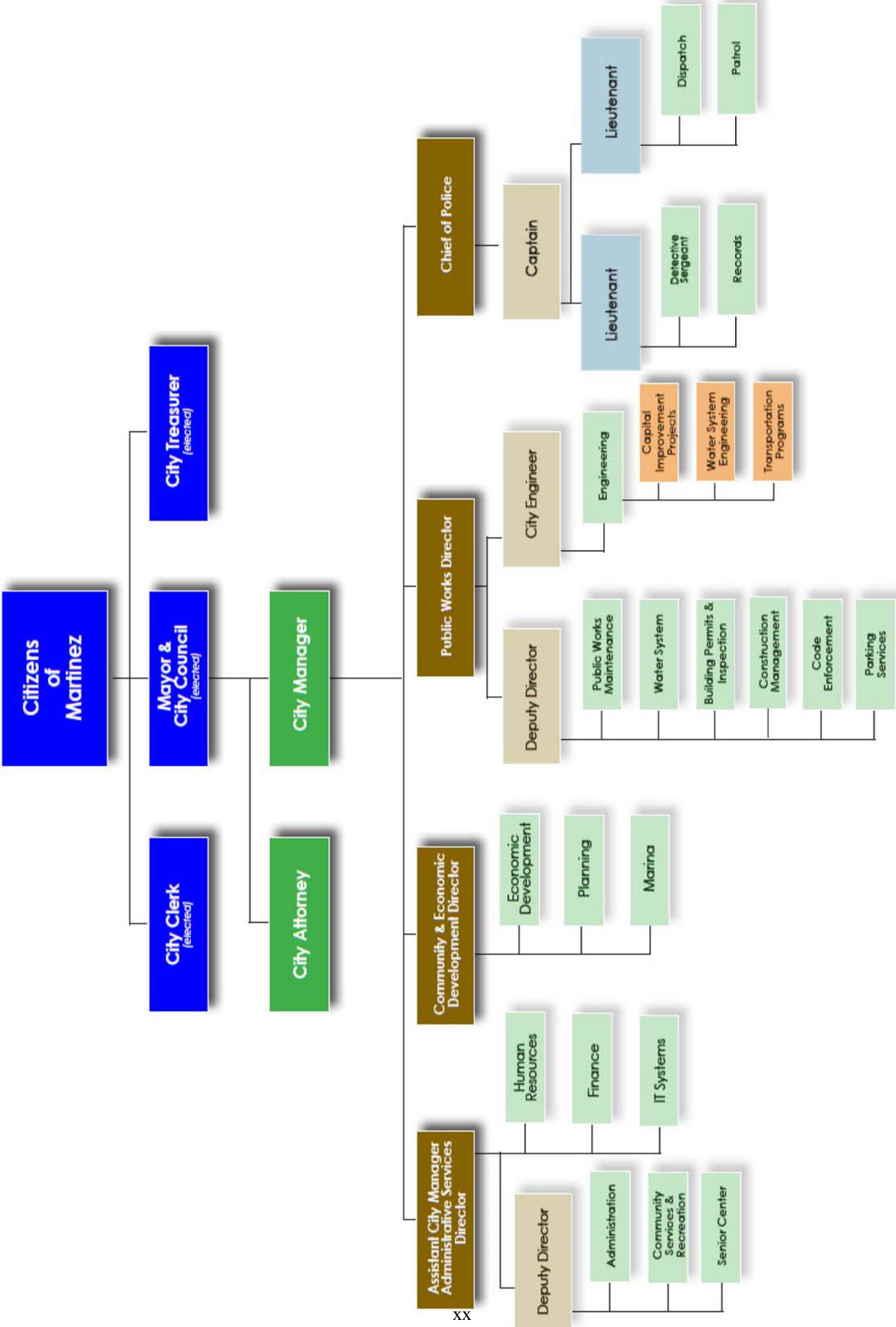
Mike Chandler, Deputy City Manager

Christina Ratcliffe, Community and Economic Development Director

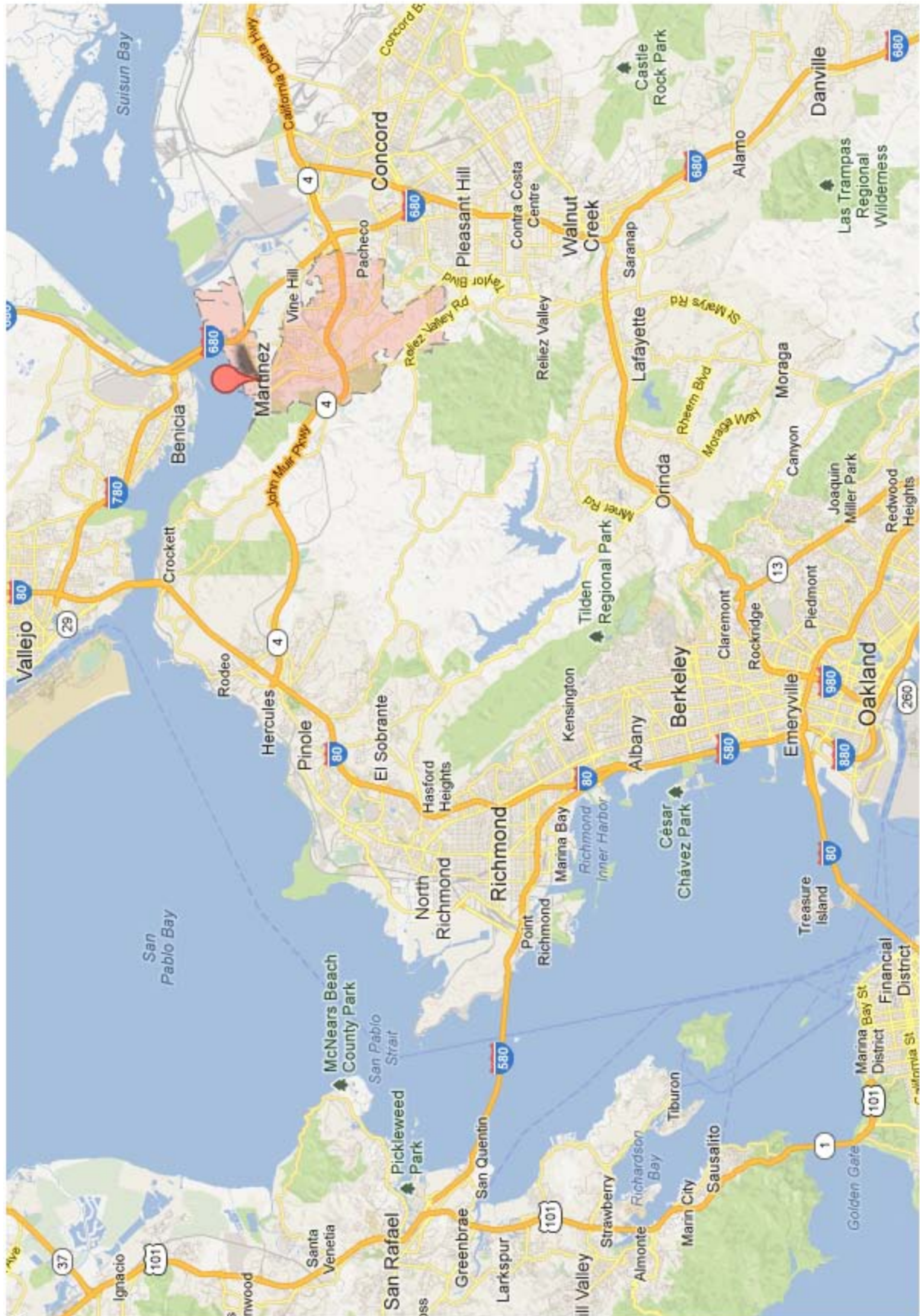
Dave Scola, Public Works Director

Scott Alman, Acting City Engineer

David Glasser, Finance Director



AREA MAP





Government Finance Officers Association

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**City of Martinez
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the City Council
City of Martinez, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Martinez, California (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons listed in the Table of Contents as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Going Concern over Marina

The accompanying financial statements have been prepared assuming the City's Marina will continue as a going concern. As discussed in Note 10E to the financial statements, the City's Marina Services Enterprise Fund has an accumulated net deficit of \$3,077,390 as of June 30, 2020 made up primarily of State loans which the City has not had sufficient operating revenues to pay. During the fiscal year ended June 30, 2020, the City did not pay the principal portion due on the State loans that are recorded in the Marina Services Enterprise Fund as discussed in Note 8. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 10E. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The emphasis of this matter does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory Section, Supplemental Information and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pleasant Hill, California
January 20, 2021

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MANAGEMENT’S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Martinez’s financial performance provides an overview of the City’s financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the accompanying transmittal letter, the Basic Financial Statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

Financial highlights of the year include the following:

City-wide Activities:

- The assets and deferred outflows of resources of the City of Martinez exceeded its liabilities and deferred inflows of resources at the close of June 30, 2020 by \$82,049,210. Of this amount \$43,157,034 Governmental Activities and \$38,892,176 is Business-type Activities.
- As of the close of the fiscal year, the City’s governmental funds reported combined ending fund balances of \$32,333,247, an increase of \$1,578,527 in comparison with the prior year. Of this amount, the unassigned fund balance was \$10,771,769, which is available for discretionary spending.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$10,771,769, or 39% of general fund expenditures. This includes \$1,600,000 set aside for contingencies.
- The City of Martinez’s total debt decreased by \$1,145,724 during the fiscal year to \$27,245,429 for Governmental Activities and \$9,392,951 for Business-type Activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City’s basic financial statements are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements and 3) Notes to the Basic Financial Statements. The two sets of financial statements provide two different views of the City’s financial activities and financial position both long term and short term.

Government-Wide Financial Statements: The Government-Wide Financial Statements are designed to provide the reader with a broader, long term view of the City’s activities as a whole, and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City in its entirety, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the City’s revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues and expenses of each of the City’s programs. All the amounts in the Statement of Net Position and the Statement of Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities of the City as a whole.

- *Governmental Activities*—All of the City’s basic services are considered to be governmental activities, including general government; community and economic development; public safety; public works; recreation, parks, and community services; public improvements; building inspection and code enforcement; planning and zoning; and general administration services. These services are supported by general City revenues such as taxes, and by specific program revenues such as mitigation/impact fees.

- *Business-type Activities*—The City’s three enterprise activities, Parking Services, Water System, and Marina Services, are reported here. Unlike governmental services, these services are supported through user fees based on the amount of the service they use.

The Statement of Net Position and the Statement of Activities report information about the City as a whole. In addition, these two statements report the City’s net position and changes for the year. Over time, increases or decreases in the City’s net position are one indicator of whether its financial health is improving or deteriorating.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it’s meeting legal responsibilities for using certain grants and other money.

The City’s fund financial statements are divided into three categories; Governmental Funds, Proprietary Funds and Fiduciary Funds. The Governmental Fund financials are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The Proprietary Fund financials are prepared using the economic resources measurement focus and the accrual basis of accounting. The Fiduciary Funds include agency funds, which are custodial in nature and do not involve a measurement of operational results, and trust funds which, in addition to being custodial in nature, include operational activities. Only trust funds include a Statement of Changes in Net Position.

The Fund Financial Statements provide detailed information about each of the City’s most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Subordinate schedules present the detail of these Non-major Funds. Major Funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City’s activities.

- *Governmental Funds* – Most of the City’s basic services are reported in Governmental Funds, which focus on how much money flows into and out of those funds and the balances left at year-end that are available for spending. The Governmental Fund statements provide a detailed, short term view of the City’s general government operations and basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. The fund financial statements, of governmental funds measure only current revenues and expenditures, current assets, liabilities and fund balances; they exclude capital assets, long-term debt and other long-term obligation amounts. The City’s Governmental Funds are comprised of the General Fund and Capital Improvements Fund which are considered Major Funds. Non-Major Funds consist of Gas Tax, NPDES Stormwater, Measure J, COPS Grant, Measure H Fund, Measure H Debt Service Fund, Housing In-lieu Fund, PEG Access, Recycling, Alhambra Creek Improvements and Lighting & Land

- *Proprietary Funds* – When the City charges customers for services it provides, whether to outside customers or other units of the City, these monies are generally reported in Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial Statements. The City uses three enterprise funds to account for Water System, Marina Services and Parking Services. *Internal Service funds* are used to report activities which provide supplies and services for the City’s other programs and activities. The City uses internal service funds to account for its fleet of vehicles and for its management information systems. Since the City’s Internal Service Funds are proprietary funds used by the City to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis, their activities are reported only in total at the Fund level. Internal Service Funds may not be Major Funds because their revenues are derived from other City funds. These revenues are eliminated in the City-wide Financial Statements and any related profits or losses are returned to the activities that created them, along with any residual net assets of the Internal Service Funds. Enterprise and Internal Service Fund financial statements are prepared on the full accrual basis and as in the past, include all their assets and liabilities, current and long-term.
- *Fiduciary Funds* – The City is the agent for the Sanitation District #6 which accounts for the operations and maintenance of the treatment facility in the Stonehurst Subdivision. The City is also an agent for certain community organizations, for which it collects and disburses cash and maintains separate cash accounts. The City’s fiduciary activities are reported in the separate Statements of Fiduciary Net Position and the Agency Funds Statement of Changes in Assets and Liabilities. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These activities are excluded from the City’s other financial statements because the City cannot use these assets to finance its own operations.

Comparisons of Budget and Actual financial information are presented only for the General Fund and other Major Funds that are Special Revenue Funds.

Notes to the Basic Financial Statement: The Notes to the Basic Financial Statements provide additional information that is essential to gain a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Basic Financial Statements can be found on pages 35-74 of this report. Note 10E on page 60 provides information about the Marina Services Enterprise Fund’s ability to continue as a going concern. Note 11 on pages 60-66 provides the City’s progress in funding of its obligation to provide pension benefits to its employees.

Supplemental Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information that combines statements referred to earlier in connection with non-major governmental funds, internal service funds and agency funds. Supplemental information is presented after the notes and can be found on pages 76-79.

Statistical Section: This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The net position for the City decreased \$1,306,804 in 2020 to \$82,049,210 due mainly to increases in Pension Liabilities see Note 11. The annual change comes from the change in net position as recorded in the Statement of Activities which flows through the Statement of Net Position. Governmental Activities are shown in Tables 1 and 2. Business-type Activities, is shown in Tables 3 and 4.

Net investment of capital assets, net of related debt of \$82,436,891 represents the City's investment in capital assets net of amounts borrowed to finance that investment. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents resources which are subject to external restrictions on how they may be used. This restricted amount totaled \$19,957,016 at June 30, 2020. The remaining balance of unrestricted net position, is normally the part of net position that may be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements. On June 30, 2020, the unrestricted net position was a negative \$20,344,697.

	Governmental Activities		Business Type Activities		Totals
	2020	2019	2020	2019	2020
Cash and investments	\$31,832,890	\$30,323,793	\$14,249,842	\$11,809,300	\$46,082,732
Other Assets	\$6,186,153	\$5,527,211	\$2,229,688	\$1,685,224	\$8,415,841
Capital Assets	\$76,723,804	\$80,044,407	\$37,969,761	\$39,362,727	\$114,693,565
Total Assets	\$114,742,847	\$115,895,411	\$54,449,291	\$52,857,251	\$169,192,138
Deferred outflow of resources	\$12,333,011	\$11,990,731	\$1,384,413	\$1,545,407	\$13,717,424
Long-term debt outstanding	\$27,245,429	\$27,733,734	\$9,392,951	\$10,050,370	\$36,638,380
Net Pension Liability	\$39,304,747	\$36,643,403	\$3,823,002	\$3,767,235	\$43,127,749
Other Liabilities	\$13,067,864	\$12,791,464	\$3,055,936	\$2,607,494	\$16,123,800
Total Liabilities	\$79,618,040	\$77,168,601	\$16,271,889	\$16,425,099	\$95,889,929
Deferred inflow of resources	\$4,300,784	\$4,683,003	\$669,639	\$656,083	\$4,970,423
Net Position:					
Net Investment in capital assets	\$53,354,484	\$56,186,782	\$29,082,407	\$29,312,357	\$82,436,891
Restricted	\$19,257,016	\$18,015,079	\$700,000	\$722,806	\$19,957,016
Unrestricted	(\$29,454,466)	(\$28,167,323)	\$9,109,769	\$7,286,313	(\$20,344,697)
Total Net Position	\$43,157,034	\$46,034,538	\$38,892,176	\$37,321,476	\$82,049,210

Governmental activities – The Governmental activities decreased the City’s net position by \$2,887,504 to \$43,157,034 at June 30, 2020. Below are the changes in net position:

Table 1	Governmental Activities	
	2020	2019
Expenses		
General government	\$2,922,409	\$1,954,127
Administrative services	4,375,268	1,794,559
Public works	12,207,496	5,084,888
Community & economic dev	7,185,323	7,919,078
Police	14,573,169	13,233,929
Interest on long-term debt	1,097,253	1,078,176
Total expenses	42,360,918	31,064,757
Revenues		
Program revenues:		
Charges for services	2,156,361	2,971,343
Operating grants & contributions	4,150,414	3,275,028
Capital grants & contributions	3,101,720	7,268,811
Total program revenues	9,408,495	13,515,182
General revenues:		
Property tax	9,521,300	9,163,550
Sales tax	12,109,821	8,833,455
VLF Property tax swap	3,609,753	3,460,202
Other taxes	3,799,608	766,450
Intergovernmental Unrestricted	87,729	77,864
Investment earnings	426,469	497,514
Miscellaneous	155,247	2,745,847
General revenues	29,709,927	25,544,882
Total revenues	39,118,422	39,060,064
Change in net position before transfers	(3,242,496)	7,995,307
Transfers	\$364,992	\$392,675
Change in net position	(\$2,877,504)	\$8,387,982
Total Net Position	\$43,157,034	\$46,034,538

The cost of all Governmental activities was \$42,360,918 Fiscal Year 2020. A portion of the cost for these activities was paid either by those who directly benefited from the programs, by other governments and organizations that subsidized certain programs with operating grants and contributions, or capital grants and contributions. Overall, the City’s Governmental activities program revenues during the year were \$9,408,495.

Program revenues totaled \$9,408,495 or 24% of total revenues for Fiscal Year 2020, a decrease of \$4,106,687 from 2019. The decrease is mainly attributed to the COVID 19 pandemics impact on recreational programs and development activities and a reduction in Capital Grants. The City's program revenues include developer fees, plan check fees, building inspections, traffic fines, recreation fees, police fees, grants, assessment revenues, and other charges for services. Program revenues are categorized in three groups: Charges for Services of \$2,156,361 which are intended to help cover the expenses incurred in providing a variety of City services; Operating Contributions and Grants of \$4,150,414 which is attributable to special revenue funds such as Gas Tax, Measure J and police services; and Capital grants and contributions of \$3,101,720 which includes federal, state, and local funding.

General revenues are not allocable to programs but are used to pay for the net cost of government services. General revenues totaled \$29,709,927 or 76% of total revenues, an increase of approximately \$4.165 million from Fiscal Year 2019. Table 1 shows that \$29,040,482 or 97% of general revenues came from taxes, and the balance of \$669,445, or 3%, came from intergovernmental, investment earnings and miscellaneous. Net Transfers out totaled \$364,992 and were to the General Fund from the Water System and Marina.

Net expense is defined as total program costs less program revenues generated by those specific activities. In the City's case, program revenues of \$9,408,495 reduced the total expenses of \$42,360,918 by 22% to \$32,952,423. It is clear in that the City's program revenues do not approach the cost of program expenses. This shows how dependent the City is on taxes to pay for City services. Table 2 below is the net expense by department.

Table 2	Net (Expense) Revenue and Changes in Net Position	
	2020	2019
Governmental Activities:		
General government	(\$2,869,647)	(\$1,954,127)
Administrative services	(\$3,938,137)	(\$1,021,829)
Public works	(\$11,176,421)	(\$3,754,341)
Community & Economic Development	(\$268,793)	\$2,414,937
Police	(\$13,602,172)	(\$12,156,039)
Interest on long term debt	(\$1,097,253)	(\$1,078,176)
Total Governmental Activities	(\$32,952,423)	(\$17,549,575)

Business-type activities – The Business-type activities net position increased by \$1,570,700 in 2020 to \$38,892,176. Below are the changes in net position:

Table 3	Business-type Activities	
	2020	2019
Expenses		
Water System	\$12,655,652	\$14,172,167
Marina Services	222,910	209,209
Parking Services	304,074	422,434
Total expenses	13,182,636	14,803,810
Revenues		
Program revenues:		
Charges for services	14,866,975	13,590,370
Capital grants & contributions	355	410
Total program revenues	14,867,330	13,590,780
General revenues:		
Taxes	71,327	78,757
Investment earnings	179,671	168,857
General revenues	250,998	247,614
Total revenues	15,118,328	13,838,394
Change in net position before transfers	1,935,692	(965,416)
Transfers	(\$364,992)	(\$392,675)
Change in net position	\$1,570,700	(\$1,358,091)
Total Net Position	\$38,892,176	\$37,321,476

The cost of business-type activities was \$13,182,636 in Fiscal Year 2020. A portion of the cost for these activities was paid either by those who directly benefited from the programs, by other governments and organizations that subsidized certain programs with operating grants and contributions, or capital grants and contributions. Overall, the City's Business-type activities program revenues during the year were \$14,867,330. General revenues are not allocable to programs but are used to pay for the net cost of services. General revenues totaled \$250,998 which came from taxes, investment earnings and miscellaneous revenues.

Net expense is defined as total program costs less program revenues generated by those specific activities. In the City's case, program revenues of \$14,867,330 expenses of \$13,182,636 for net revenues as shown in the Statement of Activities of a positive \$1,684,694. The detail is broken out below in Table 4.

Table 4	Net (Expense) Revenue and Changes in Net Position	
	2020	2019
Business-type Activities:		
Water System	\$1,590,650	(\$1,448,075)
Marina Services	(\$16,607)	\$13,527
Parking Services	\$110,651	\$221,518
Total Business-type Activities	\$1,684,694	(\$1,213,030)

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

At June 30, 2020, the City's governmental funds reported a combined fund balance of \$32,333,247, an increase of \$1,578,527 compared to the prior year. The General Fund increased by \$336,590, Capital Improvements decreased by \$1,506,590 and Other Governmental Funds increased by \$8,291,593.

ANALYSES OF MAJOR GOVERNMENTAL FUNDS

General Fund

General Fund revenues totaled \$28,076,110 in Fiscal Year 2019-20 an increase of \$3,286,418 from Fiscal Year 2019-20. The net increase is comprised of the following: increase of \$4,068,452 in Taxes, an increase of \$13,726 in Licenses, Permits and Fees; a decrease of \$22,812 in Intergovernmental; a decrease of \$674,139 in Charges for Services; a decrease of \$107,259 in Fines and Forfeits; a decrease of \$10,853 in Use of Money and Property; and an increase of \$19,303 in Miscellaneous. Taxes (property tax and sales tax revenue) totaling \$25,041,567 represented approximately 89% of total General Fund revenues. Other revenue sources comprising the remaining 11% of General Fund revenues included Licenses, Permits and Fees; Intergovernmental; Charges for Services; Fines and Forfeit; Use of Money and Property; and Miscellaneous.

General Fund expenditures totaled \$27,809,757, an increase of \$629,285 from Fiscal Year 2020. Transfers out of the General Fund increased by \$269,883 in Fiscal Year 2020 to \$411,508. This increase was mostly attributable to a transfer of \$203,100 to the Internal Service Funds for Fleet Management and a \$60,000 Marina Fund.

Final expenditures for the General Fund at year-end were \$406,986 above budget. Budget amendments and supplemental appropriations of \$912,183 were made during the year for unanticipated expenditures after adoption of the original budget. Total final budget appropriations came in at \$26,897,574.

At the end of Fiscal Year 2020 the fund balance for the City's General Fund was \$13,076,231 an increase of \$336,590 over the prior year. The General Fund balance was comprised of the following: \$81,463 of nonspendable; \$2,222,999 assigned; and \$10,771,769 unassigned, of which \$1,600,000 was designated by Council for contingencies due to unforeseen occurrences referred to in Note 10D of the financial statements. Only the unassigned \$10,771,769 portion represents available liquid resources.

The revenue received was investment earnings of \$426,469. The expenses of \$601,921 were based on project activity for the reconstruction of parks.

Capital Improvement Fund

The Capital Improvement Fund accounts for major City capital improvement projects. The Fund is budgeted on a project length basis and therefore is not comparable on an annual basis. Revenue received in Fiscal Year 2020, including net transfers, was \$4,907,111. This is a decrease of \$8,979,099 over the prior year. Expenditures decreased by \$4,371,015 from 2019 to a total of \$6,413,701.

Other Governmental Funds

These funds are not presented separately in the Basic Financial Statements, but are individually presented as Supplemental Information.

Internal Service Funds

Internal Service Funds are proprietary funds used by the City to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's Internal Service Funds are the Equipment Replacement Fund and the Management Information System (MIS) Fund.

- *Equipment Replacement Fund*—Costs for the Equipment Replacement Fund are considered to be “direct costs” that are readily identifiable with a specific service. The Equipment Replacement Fund charges departments' equipment and vehicle rates based on value and overall maintenance costs.
- *Management Information System (MIS) Fund*—Costs for the MIS Fund are considered to be “indirect costs” that are not easily associated with a specific service. These costs are distributed by both number of computer workstations and overall use of technology.

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the City is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis, are financed or recovered primarily through user charges. Enterprise Funds are also used when the City has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City's Enterprise Funds include Parking Services, Water System, and Marina Services and are described as follows:

- *Parking Services*—Parking Services Fund revenue is generated from parking meters and parking permits in the downtown area. Operating revenues decreased by \$229,172 in Fiscal Year 2020 to a total of \$414,370. Operating expenses decreased by \$94,733 to \$319,920. Non-operating revenues decreased by \$4,953 to \$88,021. Net position increased by \$182,471 to \$3,482,594. The Parking Services Fund's fiscal year end unrestricted Net Position was \$2,172,546.
- *Water System*— The Water System Fund is financed and operated in a manner like that of a private business. Net position of the Water System Fund increased \$1,169,500 in Fiscal Year 2020. Overall operating revenues increased by \$1,522,210, and operating expenses decreased by \$1,132,100. Non-operating expenses decreased by \$183,720, and non-operating revenues increased by \$9,662 in interest income. As of June 30, 2020, the Fund's Net Position was \$38,410,652 with \$31,070,128 invested in capital assets net of related debt, and \$700,000 restricted for debt service. Only \$6,640,524 of the Fund's Net Position was unrestricted at the close of Fiscal Year 2020. Due to the age of the Water System infrastructure, significant investments will be required in future years to update water lines and equipment and enhance security.
- *Marina Services*—Marina Fund revenues include lease payments, charges for services, property taxes, and government grants for capital improvement projects. Operating revenues decreased by \$16,433, and non-operating revenues decreased \$1,380. Operating expenses increased \$26,031 in 2020 and non-operating expenses decreased by \$12,330. The Funds Net Position increased by \$61,195 at June 30, 2020. The Marina has \$4,350,224 in outstanding loans to the State of California; approximately half of that amount is the total of four individual loans with an annual debt repayment schedule. The City had been making this full payment until a recent declining trend in marina revenues that has hindered the City's ability to pay the principal and interest. The City is currently paying on the interest portion on these loans. The other half of the deficit to the State originates back to the 1964 Agreement with the State to construct the marina. The City is working with the State on alternatives to pay back all the loans.

CAPITAL ASSETS

GASB 34 requires the City to record all of its capital assets, including infrastructure, which was not recorded in prior years. Infrastructure includes roads, bridges, traffic signals and similar assets used by the entire population. Beginning in Fiscal Year 2003, in accordance with GASB 34, the City began recording the cost of all its infrastructure assets and computing the amount of accumulated depreciation for these assets based on their original acquisition dates.

At the end of Fiscal 2020, Governmental Activities and Business-type Activities had invested in a broad range of capital assets, net of depreciation, in the amounts of \$76,723,804 and \$37,969,761, respectively, as shown below.

	2020	2019
Governmental Activities		
Land	\$16,055,115	\$16,055,115
Construction in progress	\$11,744,299	\$12,113,329
Building and improvements	\$12,495,036	\$12,253,197
Equipment	\$9,877,256	\$9,551,998
Infrastructure	\$84,149,444	\$83,903,112
Less accumulated depreciation	(\$57,597,346)	(\$53,832,344)
Totals	\$76,723,804	\$80,044,407
Business-Type Activities		
Land	\$2,521,849	\$2,490,774
Construction in progress	\$1,130,552	\$1,669,166
Building and improvements	\$31,467,799	\$30,675,459
Equipment	\$3,110,463	\$2,716,229
Infrastructure	\$92,719,454	\$92,719,454
Less accumulated depreciation	(\$92,980,356)	(\$90,908,355)
Totals	\$37,969,761	\$39,362,727

The City depreciates all its capital assets over their estimated useful lives, as required by GASB 34. The purpose of depreciation is to spread the cost of a capital asset over the years of its life so that an allocable portion of the cost of the asset is borne by all users. Additional information on capital assets and depreciation may be found in Note 6.

DEBT ADMINISTRATION

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs (other than those paid for by the Enterprise Funds). The City has General Obligation Bonds totaling \$24,985,000 outstanding, that were issued to finance the costs of acquiring and constructing parks, library improvements, and pool and safety improvements. In 2018 the City entered into a direct borrowing - note payable to finance the cost of Social Security tax liability \$1,984,682 is allocated to Governmental Activity. In 2020 the City entered into a Capital Lease for a street sweeper for \$275,747.

The Water Fund has one outstanding debt issue. In 2012, the City issued Certificates of Participation (COPs) in the amount of \$8,025,000. COP proceeds were used to finance improvements to the Water Plant. In 2018 the City entered into a borrowing - note payable to finance the cost of Social Security tax liability \$307,130 is allocated to Business-Type Activity.

Each of the City's debt issues are discussed in detail in Notes 7 and 8 to the financial statements. The table below represents the City's outstanding debt as of June 30, 2020.

	2020	2019
Governmental Activity Debt		
<i>General Long-Term Debt</i>		
General Obligation Bonds	\$24,985,000	\$25,295,000
Direct Borrowing - Note Payable	1,984,682	2,438,734
Capital Lease	275,747	
Total Governmental Activity Debt	\$27,245,429	\$27,733,734
Business-Type Activity Debt		
<i>Water Fund Long-Term Debt</i>		
2012 Refinancing Project	\$4,230,000	\$4,750,000
Direct Borrowing - Note Payable	505,597	621,266
Unamortized Bond Premium	307,130	354,380
Total Water Fund Debt	\$5,042,727	\$5,725,646
<i>Marina Long-term Debt</i>		
1964 State of California	\$2,766,515	\$2,741,015
1973 State of California	251,136	251,136
1978 State of California	131,574	131,574
1982 State of California	323,922	323,922
1985 State of California	877,077	877,077
Total Marina Fund Debt	\$4,350,224	\$4,324,724
Total Business-Type Activity Debt	\$9,392,951	\$10,050,370

SPECIAL ASSESSMENT DISTRICT DEBT

The City no longer has any Special Assessment debt outstanding.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The economy of the City and its major initiatives for the coming year are discussed in detail in the accompanying Transmittal Letter.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this Report should be directed to the Administrative Services Department, at 525 Henrietta Street, Martinez, CA 94553.

CITY OF MARTINEZ

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The Statement of Net Position and the Statement of Activities summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets.

The Statement of Net Position summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds primarily, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, deferred outflows/inflows of resources, available revenues and measurable expenditures.

The format of the Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City and the Martinez Public Improvement Corporation. The Corporation is legally separate but is a component unit of the City because it is controlled by the City, which is financially accountable for the activities of the Corporation.

CITY OF MARTINEZ
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 3):			
Available for operations	\$26,514,335	\$13,549,842	\$40,064,177
Restricted	5,318,555	700,000	6,018,555
Receivables (net of allowance for uncollectible):			
Accounts and other	624,408	2,201,007	2,825,415
Intergovernmental	5,199,203		5,199,203
Interest	93,394		93,394
Loans receivable (Note 5)	262,010	22,920	284,930
Internal balances (Note 4C)	(1,320)	1,320	
Prepays (Note 11)	8,458	4,441	12,899
Capital assets (Note 6):			
Land and construction in progress	27,799,414	3,652,401	31,451,815
Depreciable assets, net	48,924,390	34,317,360	83,241,750
Total Assets	<u>114,742,847</u>	<u>54,449,291</u>	<u>169,192,138</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions (Note 11)	10,652,006	964,162	11,616,168
Related to OPEB (Note 12)	1,681,005	420,251	2,101,256
Total Deferred Outflows of Resources	<u>12,333,011</u>	<u>1,384,413</u>	<u>13,717,424</u>
LIABILITIES			
Accounts payable	2,124,653	637,975	2,762,628
Accrued wages and benefits	894,909	104,734	999,643
Deposits	1,287,375	90,897	1,378,272
Unearned revenue	28,418	267,631	296,049
Claims payable due within one year (Note 14)	80,000		80,000
Accrued interest		69,326	69,326
Accrued compensated absences (Note 1H):			
Due within one year	500,000	50,000	550,000
Due in more than one year	1,637,901	206,721	1,844,622
Long-term debt (Notes 7 and 8):			
Due within one year	872,558	1,114,995	1,987,553
Due in more than one year	26,372,871	8,277,956	34,650,827
Net pension liability due in more than one year (Note 11)	39,304,747	3,823,002	43,127,749
Net OPEB liability due in more than one year (Note 12)	6,514,608	1,628,652	8,143,260
Total Liabilities	<u>79,618,040</u>	<u>16,271,889</u>	<u>95,889,929</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions (Note 11)	2,905,713	320,871	3,226,584
Related to OPEB (Note 12)	1,395,071	348,768	1,743,839
Total Deferred Inflows of Resources	<u>4,300,784</u>	<u>669,639</u>	<u>4,970,423</u>
NET POSITION (Note 10)			
Net investment in capital assets	53,354,484	29,082,407	82,436,891
Restricted for:			
Capital projects	15,188,185		15,188,185
Debt service	2,703,151	700,000	3,403,151
Special revenue projects	1,365,680		1,365,680
Total Restricted Net Position	<u>19,257,016</u>	<u>700,000</u>	<u>19,957,016</u>
Unrestricted	(29,454,466)	9,109,769	(20,344,697)
Total Net Position	<u>\$43,157,034</u>	<u>\$38,892,176</u>	<u>\$82,049,210</u>

See accompanying notes to financial statements

CITY OF MARTINEZ
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
General government	\$2,922,409		\$52,762		(\$2,869,647)		(\$2,869,647)
Administrative services	4,375,268	\$316,181	68,904	\$52,046	(3,938,137)		(3,938,137)
Public works	12,207,496	1,031,075			(11,176,421)		(11,176,421)
Community & economic development	7,185,323	574,951	3,295,155	3,046,424	(268,793)		(268,793)
Police	14,573,169	234,154	733,593	3,250	(13,602,172)		(13,602,172)
Interest on long-term debt	1,097,253				(1,097,253)		(1,097,253)
Total Governmental Activities	42,360,918	2,156,361	4,150,414	3,101,720	(32,952,423)		(32,952,423)
Business-type Activities:							
Water system	12,655,652	14,246,302				\$1,590,650	1,590,650
Marina services	222,910	206,303				(16,607)	(16,607)
Parking services	304,074	414,370		355		110,651	110,651
Total Business-type Activities	13,182,636	14,866,975		355		1,684,694	1,684,694
Total	\$55,543,554	\$17,023,336	\$4,150,414	\$3,102,075	(32,952,423)	1,684,694	(31,267,729)
General revenues:							
Property taxes					9,521,300		9,521,300
Sales taxes					12,109,821		12,109,821
VLF Property Tax Swap					3,609,753		3,609,753
Other taxes					3,799,608	71,327	3,870,935
Intergovernmental, unrestricted					87,729		87,729
Investment earnings					426,469	179,671	606,140
Miscellaneous					155,247		155,247
Transfers (Note 4A)					364,992	(364,992)	
Total General Revenues and Transfers					30,074,919	(113,994)	29,960,925
Change in Net Position					(2,877,504)	1,570,700	(1,306,804)
Net Position-Beginning					46,034,538	37,321,476	83,356,014
Net Position-Ending					\$43,157,034	\$38,892,176	\$82,049,210

See accompanying notes to financial statements

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FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year.

MAJOR GOVERNMENTAL FUNDS

The funds described below are determined to be major funds by the City in Fiscal 2020. Individual non-major funds may be found in the Supplemental Section.

GENERAL FUND

The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The General Fund accounts for all financial resources of the City which are not accounted for in another fund.

CAPITAL IMPROVEMENTS FUND

To account for the expenditures spent and revenue received for various capital projects within the City.

CITY OF MARTINEZ
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020

	General	Capital Improvements	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments (Note 3):				
Available for operations	\$12,887,708	\$6,245,357	\$6,204,531	\$25,337,596
Restricted			5,318,555	5,318,555
Receivables:				
Accounts	610,048		14,360	624,408
Intergovernmental	2,314,007	486,396	2,398,800	5,199,203
Interest	93,394			93,394
Loans receivable (Note 5)		262,010		262,010
Prepays (Note 11)	6,463		1,995	8,458
Advances to other funds (Note 4B)	75,000			75,000
Total Assets	<u>\$15,986,620</u>	<u>\$6,993,763</u>	<u>\$13,938,241</u>	<u>\$36,918,624</u>
LIABILITIES				
Accounts payable	\$1,008,832	\$461,824	\$568,279	\$2,038,935
Accrued wages and benefits	862,892		5,324	868,216
Claims payable (Note 14)	80,000			80,000
Deposits	931,581	340,681	14,703	1,286,965
Unearned revenue	27,084	20,832	1,335	49,251
Total Liabilities	<u>2,910,389</u>	<u>823,337</u>	<u>589,641</u>	<u>4,323,367</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - loans receivable (Note 5)		262,010		262,010
Total Deferred Inflows of Resources		<u>262,010</u>		<u>262,010</u>
FUND BALANCES				
Fund balance (Note 10):				
Nonspendable	81,463			81,463
Restricted		5,908,416	13,348,600	19,257,016
Assigned	2,222,999			2,222,999
Unassigned	10,771,769			10,771,769
Total Fund Balances	<u>13,076,231</u>	<u>5,908,416</u>	<u>13,348,600</u>	<u>32,333,247</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$15,986,620</u>	<u>\$6,993,763</u>	<u>\$13,938,241</u>	<u>\$36,918,624</u>

See accompanying notes to financial statements

CITY OF MARTINEZ
Reconciliation of the
GOVERNMENTAL FUNDS -- FUND BALANCES
with the
GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION
JUNE 30, 2020

Total fund balances reported on the governmental funds balance sheet	\$32,333,247
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Amounts reported for Governmental Activities in the Statement of Net Position
are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	75,010,811
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ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

Internal Service Funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position.

Cash and investments	1,176,739
Internal balances	(76,320)
Capital assets	1,712,993
Accounts payable	(85,718)
Accrued liabilities	(26,693)
Accrued compensated absences	(118,313)
Deposits	(410)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are unavailable on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	282,843
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LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Net OPEB liability and related deferred inflows	(6,228,674)
Compensated absences	(2,019,588)
Long-term debt	(27,245,429)
Net pension liability and related deferred inflows/outflows	(31,558,454)

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$43,157,034</u></u>
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See accompanying notes to financial statements

CITY OF MARTINEZ
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	General	Capital Improvements	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$25,041,567		\$5,252,482	\$30,294,049
Special assessments			124,761	124,761
Licenses, permits, and fees	775,805	\$61,737	85	837,627
Intergovernmental	623,446	1,777,514	3,556,497	5,957,457
Charges for services	937,440		7,389	944,829
Fines and forfeits	193,769		8,493	202,262
Use of money and property	374,234	10,720	134,418	519,372
Miscellaneous	129,849	7,500	82,542	219,891
Total Revenues	28,076,110	1,857,471	9,166,667	39,100,248
EXPENDITURES				
Current:				
General government	1,655,974			1,655,974
Nondepartmental services	2,082,549			2,082,549
Administrative services	3,261,342		59,186	3,320,528
Public works	4,982,675			4,982,675
Community & economic development	1,685,217	14,094	1,150,285	2,849,596
Police	13,608,769		3,324	13,612,093
Debt service (Note 7):				
Principal	454,052		310,000	764,052
Interest and fiscal charges	79,179		1,018,074	1,097,253
Capital outlay		6,399,607	1,195,033	7,594,640
Total Expenditures	27,809,757	6,413,701	3,735,902	37,959,360
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	266,353	(4,556,230)	5,430,765	1,140,888
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease (Note 7)			275,747	275,747
Transfers in (Note 4A)	481,745	3,049,640	33,100	3,564,485
Transfers (out) (Note 4A)	(411,508)		(2,991,085)	(3,402,593)
Total Other Financing Sources (Uses)	70,237	3,049,640	(2,682,238)	437,639
NET CHANGE IN FUND BALANCES	336,590	(1,506,590)	2,748,527	1,578,527
BEGINNING FUND BALANCES	12,739,641	7,415,006	10,600,073	30,754,720
ENDING FUND BALANCES	\$13,076,231	\$5,908,416	\$13,348,600	\$32,333,247

See accompanying notes to financial statements

CITY OF MARTINEZ
Reconciliation of the
NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the Change in
GOVERNMENTAL NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$1,578,527
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Amounts reported for governmental activities in the Statement of Activities
are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However,
in the Statement of Activities the cost of those assets is capitalized and allocated over
their estimated useful lives and reported as depreciation expense.

The capital outlay expenditures are therefore added back to fund balances	5,113,291
Non-capitalized expenses are deducted from the fund balance	(4,670,336)
Depreciation expense is deducted from the fund balance	
(Depreciation expense is net of internal service fund depreciation of \$291,365 which has already been allocated to serviced funds)	(3,628,616)

LONG-TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but
issuing debt increases long-term liabilities in the Statement of Net Position.
Repayment of bond principal is an expenditure in the governmental funds, but
in the Statement of Net Position the repayment reduces long-term liabilities.

Proceeds from issuance of debt principal is deducted from fund balance	(275,747)
Repayment of debt principal is added back to fund balances	764,052

PENSION TRANSACTIONS

Payment of pension plan contributions is an expenditure in the governmental funds, but
in the Statement of Net Position the payment is a deferred outflow.

(1,469,942)

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use
of current financial resources and therefore are not reported as revenue or expenditures in
governmental funds (net change):

Net OPEB liability	(108,771)
Deferred revenue	(148,848)
Compensated absences	(314,753)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities,
such as equipment acquisition, and maintenance to individual funds.

The portion of the net revenue of these Internal Service Funds arising out
of their transactions with governmental funds is reported with governmental activities,
because they service those activities.

Change in Net Position - All Internal Service Funds	283,639
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>(\$2,877,504)</u></u>
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See accompanying notes to financial statements

CITY OF MARTINEZ
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes	\$23,745,317	\$23,905,469	\$25,041,567	\$1,136,098
Licenses, permits, and fees	611,500	635,000	775,805	140,805
Intergovernmental	598,300	618,312	623,446	5,134
Charges for services	1,137,300	682,439	937,440	255,001
Fines and forfeits	388,094	249,494	193,769	(55,725)
Use of money and property	165,300	112,000	374,234	262,234
Miscellaneous	75,500	76,300	129,849	53,549
Total Revenues	26,721,311	26,279,014	28,076,110	1,797,096
EXPENDITURES				
Current:				
General government	1,311,493	1,659,260	1,655,974	3,286
Nondepartmental services	2,426,446	2,339,636	2,082,549	257,087
Administrative services	3,314,368	3,388,620	3,261,342	127,278
Public works	4,038,334	4,489,383	4,982,675	(493,292)
Community & economic development	2,070,846	1,681,846	1,685,217	(3,371)
Police	12,513,962	13,338,829	13,608,769	(269,940)
Debt service (Note 7):				
Principal		310,000	454,052	(144,052)
Interest and fiscal charges		1,009,169	79,179	929,990
Total Expenditures	25,675,449	28,216,743	27,809,757	406,986
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,045,862	(1,937,729)	266,353	2,204,082
OTHER FINANCING SOURCES (USES)				
Transfers (in) (Note 4A)	473,000	850,903	481,745	(369,158)
Transfers (out) (Note 4A)	(94,000)	(766,810)	(411,508)	355,302
Total other financing sources (uses)	379,000	84,093	70,237	355,302
NET CHANGE IN FUND BALANCE	\$1,424,862	(\$1,853,636)	336,590	\$2,559,384
BEGINNING FUND BALANCE			12,739,641	
ENDING FUND BALANCE			\$13,076,231	

See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The concept of major funds established by GASB Statement 34 extends to Proprietary Funds. The City has identified all of its Proprietary Funds as major funds in Fiscal 2020.

GASB 34 does not provide for the disclosure of budget vs. actual comparisons regarding proprietary funds.

WATER SYSTEM FUND

To account for the funds received from customers receiving water service provided by the City and the related expenditures for administration, system improvements, maintenance and repairs, and debt service for bond issues related to the provision of water to the customers.

MARINA SERVICES FUND

To account for the activities related to the operations at the municipal marina.

PARKING SERVICES FUND

To account for the activities related to the various parking lots in the downtown area, including parking meters and shuttle services.

CITY OF MARTINEZ
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water System	Marina Services	Parking Services	Totals	
ASSETS					
Current Assets:					
Cash and investments (Note 3):					
Available for operations	\$10,704,577	\$683,004	\$2,162,261	\$13,549,842	\$1,176,739
Restricted	700,000			700,000	
Receivables:					
Accounts and other	2,175,413	10,718	14,876	2,201,007	
Prepays		4,441		4,441	
Total Current Assets	13,579,990	698,163	2,177,137	16,455,290	1,176,739
Capital Assets (Note 6):					
Buildings	26,367,321	308,594		26,675,915	
Improvements	4,546,762		245,122	4,791,884	
Equipment	2,120,145		990,318	3,110,463	5,290,490
Infrastructure	92,374,462		344,992	92,719,454	
Less: Accumulated depreciation	(91,562,896)	(308,594)	(1,108,866)	(92,980,356)	(3,617,076)
Total depreciable capital assets, net	33,845,794		471,566	34,317,360	1,673,414
Land	630,912	1,052,455	838,482	2,521,849	
Construction in progress	1,130,552			1,130,552	39,579
Net Capital Assets	35,607,258	1,052,455	1,310,048	37,969,761	1,712,993
Other Non-Current Assets:					
Loan receivable (Note 5)	22,920			22,920	
Total Non-Current Assets	35,630,178	1,052,455	1,310,048	37,992,681	1,712,993
Total Assets	49,210,168	1,750,618	3,487,185	54,447,971	2,889,732
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions (Note 11)	964,162			964,162	
Related to OPEB (Note 12)	420,251			420,251	
Total Deferred Outflows of Resources	1,384,413			1,384,413	
LIABILITIES					
Current liabilities:					
Accounts payable	593,943	39,441	4,591	637,975	85,718
Accrued liabilities	104,734			104,734	26,693
Unearned revenue		267,631		267,631	
Deposits	44,030	46,867		90,897	410
Accrued interest	20,481	48,845		69,326	
Current portion of compensated absences (Note 1H)	50,000			50,000	
Current portion of long-term debt (Note 7)	535,000			535,000	
Current portion of loans payable (Notes 7 & 8)	119,810	460,185		579,995	
Total Current Liabilities	1,467,998	862,969	4,591	2,335,558	112,821
Noncurrent Liabilities:					
Accrued compensated absences (Note 1H)	206,721			206,721	118,313
Long-term debt (Note 7)	4,002,130			4,002,130	
Loans payable (Notes 7 & 8)	385,787	3,890,039		4,275,826	
Net pension liability (Note 11)	3,823,002			3,823,002	
Net OPEB liability (Note 12)	1,628,652			1,628,652	
Advances from other funds (Note 4B)		75,000		75,000	
Total Liabilities	11,514,290	4,828,008	4,591	16,346,889	231,134
DEFERRED INFLOWS OF RESOURCES					
Related to pensions (Note 11)	320,871			320,871	
Related to OPEB (Note 12)	348,768			348,768	
Total Deferred Inflows of Resources	669,639			669,639	
NET POSITION (Note 10)					
Net investment in capital assets	31,070,128	(3,297,769)	1,310,048	29,082,407	1,712,993
Restricted for debt service	700,000			700,000	
Restricted for capital projects					
Unrestricted	6,640,524	220,379	2,172,546	9,033,449	945,605
Total Net Position (Deficit)	\$38,410,652	(\$3,077,390)	\$3,482,594	38,815,856	\$2,658,598

Some amounts reported for *business-type activities* in the Statement of Net Position are different because certain internal service fund assets and liabilities are included with business-type activities.

Net position business-type activities

76,320

\$38,892,176

See accompanying notes to financial statements

CITY OF MARTINEZ
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water System	Marina Services	Parking Services	Totals	
OPERATING REVENUES					
Water sales	\$13,153,473			\$13,153,473	
Rents and leases	89,929	\$170,507	\$6,400	266,836	
Charges for services	963,728		407,970	1,371,698	\$2,178,223
Other fees	1,100			1,100	
Other revenue	38,072	35,796		73,868	21,966
Total Operating Revenues	14,246,302	206,303	414,370	14,866,975	2,200,189
OPERATING EXPENSES					
Filtration plant	5,811,615			5,811,615	
Maintenance, repairs, and distribution	2,318,217	129,070		2,447,287	1,688,926
Administration	2,358,662	19,702	234,145	2,612,509	
Depreciation (Note 6)	2,166,226		85,775	2,252,001	291,365
Total Operating Expenses	12,654,720	148,772	319,920	13,123,412	1,980,291
Operating Income	1,591,582	57,531	94,450	1,743,563	219,898
NONOPERATING REVENUES (EXPENSES)					
Interest income	145,530	8,229	25,912	179,671	9,494
Interest (expense)	(142,620)	(74,138)		(216,758)	
Gain (loss) on disposal of equipment					8,680
Capital grants			355	355	
Taxes		9,573	61,754	71,327	
Total Nonoperating Revenues (Expenses)	2,910	(56,336)	88,021	34,595	18,174
Income (loss) before contributions and transfers	1,594,492	1,195	182,471	1,778,158	238,072
Transfers in (Note 4A)	48,008	60,000		108,008	203,100
Transfers out (Note 4A)	(473,000)			(473,000)	
Change in net position	1,169,500	61,195	182,471	1,413,166	441,172
BEGINNING NET POSITION (DEFICIT)	37,241,152	(3,138,585)	3,300,123		2,217,426
ENDING NET POSITION (DEFICIT)	\$38,410,652	(\$3,077,390)	\$3,482,594		\$2,658,598

Some amounts reported for *business-type activities* in the Statement of Activities are different because the portion of the net income of certain internal service funds is reported with the business-type activities which those funds service

157,534

Change in net position of business-type activities

\$1,570,700

See accompanying notes to financial statements

CITY OF MARTINEZ
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water System	Marina Services	Parking Services	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$13,762,601	\$195,495	\$404,954	\$14,363,050	\$2,200,683
Payments to suppliers	(8,043,683)	(118,298)	(235,550)	(8,397,531)	(989,507)
Payments to and on behalf of employees	(1,781,990)			(1,781,990)	(663,071)
Rent and lease payments received	38,072			38,072	
Cash Flows from Operating Activities	3,975,000	77,197	169,404	4,221,601	548,105
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Taxes received		9,573	61,754	71,327	
Intergovernmental receipts			355	355	
Interfund receipts (payments)		75,000		75,000	74,335
Transfers in	48,008	60,000		108,008	
Transfers out	(473,000)			(473,000)	
Cash Flows from Noncapital Financing Activities	(424,992)	144,573	62,109	(218,310)	74,335
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(827,960)		(31,075)	(859,035)	(156,424)
Proceeds from sale of equipment					8,681
Principal payments on capital debt	(682,919)			(682,919)	
Interest paid	(144,570)	(55,896)		(200,466)	
Cash Flows from Capital and Related Financing Activities	(1,655,449)	(55,896)	(31,075)	(1,742,420)	(147,743)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	145,530	8,229	25,912	179,671	9,494
Cash Flows from Investing Activities	145,530	8,229	25,912	179,671	9,494
Net Cash Flows	2,040,089	174,103	226,350	2,440,542	484,191
Cash and investments at beginning of period	9,364,488	508,901	1,935,911	11,809,300	692,548
Cash and investments at end of period	\$11,404,577	\$683,004	\$2,162,261	\$14,249,842	\$1,176,739
Reconciliation of Operating Income to Cash Flows					
from Operating Activities:					
Operating income	\$1,591,582	\$57,531	\$94,450	\$1,743,563	\$219,898
Adjustments to reconcile operating income (loss) to cash flows					
from operating activities:					
Depreciation	2,166,226		85,775	2,252,001	291,365
Change in assets and liabilities:					
Accounts receivable	(445,629)	(2,444)	(9,416)	(457,489)	84
Prepays		(4,441)		(4,441)	
Accounts payable and other liabilities	88,049	34,915	(1,405)	121,559	(108,658)
Deposits	(1,900)			(1,900)	410
Accrued vacation and other fringe benefits	26,796			26,796	118,313
Accrued wages and benefits					26,693
Unearned revenue		(8,364)		(8,364)	
Retirement system	549,876			549,876	
Cash Flows from Operating Activities	\$3,975,000	\$77,197	\$169,404	\$4,221,601	\$548,105
NONCASH TRANSACTIONS:					
Amortization of bond discount	\$47,250			\$47,250	

See accompanying notes to financial statements

FIDUCIARY FUNDS

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City as an agent or in trust for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statements but are presented in separate Fiduciary Fund financial statements.

CITY OF MARTINEZ
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

	Trust Fund	Agency Funds
ASSETS		
Restricted cash and investments (Note 3)	\$83,290	\$123,814
Total Assets	<u>\$83,290</u>	<u>\$123,814</u>
LIABILITIES		
Accounts payable		\$8,151
Due to bondholders		18,946
Due to members		96,717
Total Liabilities		<u>\$123,814</u>
NET POSITION		
Restricted for private purpose activities	<u>\$83,290</u>	
Total Net Position	<u>\$83,290</u>	

See accompanying notes to financial statements

CITY OF MARTINEZ
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Trust Fund</u>
ADDITIONS:	
Donations	\$2,068
Interest	<u>894</u>
Total Additions	<u>2,962</u>
DEDUCTIONS:	
Supplies	1,439
Beneficiary payments	1,944
Improvements	<u>1,072</u>
Total Deductions	<u>4,455</u>
CHANGE IN NET POSITION	(1,493)
NET POSITION, BEGINNING OF YEAR	<u>84,783</u>
NET POSITION, END OF YEAR	<u><u>\$83,290</u></u>

See accompanying notes to financial statements

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CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Martinez was incorporated in 1876 and operates under an elected Mayor/Council form of government. The City's major operations include public safety, water system, marina, parking, community and economic development, public works, recreation and parks, and general administrative services.

A. *Reporting Entity*

The financial statements of the City of Martinez include the financial activities of the City as well as the Martinez Public Improvement Corporation which is controlled by and dependent on the City. While the Corporation is a separate legal entity, the City Council serves in a separate session as its governing body and the financial activities of the Corporation are integral to those of the City. Corporation financial activities have been aggregated and merged (termed "blended") with those of the City in the accompanying financial statements.

The **Martinez Public Improvement Corporation** is a nonprofit public benefit corporation organized and existing under the Nonprofit Public Benefit Corporation Law of the State of California. The purposes for which the Corporation was formed include, among others, (i) rendering financial assistance to the City by financing, refinancing, acquiring, constructing, improving, leasing and selling of buildings, building improvements, equipment, electrical, water, sewer, road and other public improvements, lands and any other real or personal property for the benefits of the City and surrounding areas; (ii) acquiring by lease, purchase or otherwise, real or personal property or any interest therein; and (iii) constructing, reconstructing, modifying, adding to, improving or otherwise acquiring or equipping buildings, structures or improvements and (by sale, lease, sublease, leaseback, gift or otherwise) making any part or all of any such real or personal property available to or for the benefit of the residents of the City. The Corporation is reported as part of the City's operations because of its purpose to provide financing for the City.

Separate financial statements for the Martinez Public Improvement Corporation are not issued.

B. *Basis of Presentation*

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These Standards require that the financial statements described below be presented:

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities, except for interfund services provided and used. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

C. Major Funds

Major funds are defined as funds that have either assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. Major governmental and business-type funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund - The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The General Fund accounts for all financial resources of the City which are not accounted for in another fund.

Capital Improvements Fund - To account for the funds spent and revenue received for various capital projects within the City.

The City reported all its enterprise funds as major funds in the accompanying financial statements:

Water System Fund - To account for the funds received from customers receiving water service provided by the City and the related expenditures for administration, system improvements, maintenance and repairs, and debt service for bond issues related to the provision of water to the customers.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Marina Services Fund - To account for the activities related to the operations at the municipal marina.

Parking Services Fund - To account for the activities related to the various parking lots in the downtown area, including parking meters and shuttle services.

The City also reports the following fund types:

Internal Service Funds - To account for equipment replacement and management information Services; all of which are provided to other departments on a cost-reimbursement basis.

Fiduciary Funds - The City maintains two types of Fiduciary Funds - Trust Funds and Agency Funds. Trust Funds account for activities of individual private trust funds for the benefit of the Alhambra Cemetery. Agency Funds are used to account for assets held by the City as an agent for the Alhambra Creek Assessment District, Sanitation District #6, and the Senior Center Club. The financial activities of these funds are excluded from the Government-wide financial statement but are presented in separate Fiduciary Fund financial statements.

D. Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *full accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are property, sales and franchise taxes, certain other intergovernmental revenues, special assessments and interest revenue. Fines, permits, licenses and charges for services are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

E. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position or balance sheets reports a separate section for deferred outflows of resources. This separate net statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The City has pension and OPEB related deferred outflows of resources arising from certain changes in the collective net pension liability and net OPEB liability.

In addition to liabilities, the statement of net position and balance sheets report a separate section for deferred inflows of resources. The separate financial element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City has three types of items, which qualify under this category. Under the modified accrual basis of accounting, the item *unavailable revenue*, is reported in the governmental funds balance sheet. Reporting unavailable revenues from miscellaneous receivables and loans receivable. The City has other types of deferred inflow which arises only under the full accrual basis of accounting, related to pension and other post-employment benefits (OPEB).

F. *Revenue Recognition for Water System Enterprise Fund*

Revenues are recognized based on cycle billings rendered to customers. Revenues for services provided but not billed at the end of the year are accrued.

G. *Property Taxes and Special Assessment Revenue*

Revenue is recognized in the fiscal year for which the tax and assessment is levied. The County of Contra Costa levies, bills and collects property taxes for the City; the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the personal property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Compensated Absences

Compensated absences comprise unused vacation leave, vested sick pay and other employee benefits which are accrued as earned. The City's liability for compensated absences is recorded in various governmental funds or proprietary funds as appropriate. The liability for compensated absences is determined annually. For all governmental funds, amounts expected to be permanently liquidated are recorded as fund liabilities; the remaining portion is recorded in the Statement of Net Position.

The changes of the compensated absences during the fiscal year ended June 30, 2020 were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$1,804,220	\$229,925	\$2,034,145
Additions	1,563,359	162,023	1,725,382
Payments	(1,229,678)	(135,227)	(1,364,905)
Ending Balance	<u>\$2,137,901</u>	<u>\$256,721</u>	<u>\$2,394,622</u>
Current Portion	<u>\$500,000</u>	<u>\$50,000</u>	<u>\$550,000</u>

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

I. Prepaids

Prepaid items in governmental funds are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets. The City uses the consumption method to report prepaid items.

J. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. Closed Fund

During the fiscal year ended June 30, 2020, the City closed the Alhambra Creek Improvements Capital Projects Fund.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. Budgetary Accounting

The City adopts a biennial budget for the General Fund and all Special Revenue Funds with the exception of the Housing In-Lieu Special Revenue Fund, on or before June 30 of even-numbered years for each of the ensuing two fiscal years. The operating budget takes the form of a two-year budget, which is adopted in its entirety by the City Council by resolution. This budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at fiscal year-end. Capital Projects Funds are budgeted on a project-length basis.

On or before the last day in March of each year, all departments of the City submit requests for appropriations to the City Manager so that a budget may be prepared on or by May 1, for even-numbered years. The proposed budget is presented to the City's Council for review. The Council holds public hearings and a final budget must be prepared and adopted no later than June 30.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. The City Manager is authorized to make revisions up to 1% of any single budget year. Council approval is required for additional appropriation from fund balances or new revenue sources. The legal level of budgetary control is at the departmental level.

The budget is revised in February to take into consideration information available during the fiscal year. Budget amounts presented in the accompanying financial statements reflect original appropriations modified by supplemental amendments discussed above which were not material.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (Continued)

B. Expenditures in Excess of Appropriations

The City had the following funds with expenditures in excess of appropriations for the year ended June 30, 2020:

Fund Name	Amount
<i>General Fund</i>	
Public works	\$493,292
Community and economic development	3,371
Police	269,940
Debt service	533,231
<i>NPDES Stormwater Special Revenue Fund</i>	
Capital outlay	275,747

NOTE 3 – CASH AND INVESTMENTS

The City pools cash from all sources and all funds, except Cash and Investments held by Trustees, so that it can be invested at the maximum yield consistent with safety and liquidity, while individual funds can make expenditures at any time.

A. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the City employs the Trust Department of a bank as the custodian of certain City managed investments, regardless of their form.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

Cash and investments available for operations	\$40,064,177
Restricted cash and investments	6,018,555
Total Primary Government Cash and Investments	46,082,732
Restricted cash and investments in Fiduciary Funds (separate statement)	207,104
Total Cash and Investments	\$46,289,836

Cash and Investments Available for Operations is used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

C. Investments Authorized by the California Government Code and the City's Investment Policy

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Allowed
Shares of Beneficial Interest issued by a Joint Powers Authority	N/A	Top rating category	20%
California Local Agency Investment Fund (LAIF)	N/A	N/A	\$65 Million
U.S. Treasury Obligations	5 Years	N/A	No limit
U.S. Agency Securities and			
U.S. Government Sponsored Enterprise Obligations	5 Years	N/A	No limit
Commercial Paper	270 Days	Top rating category	25%
Banker's Acceptances	180 days	A-1	30%
Medium Term Corporate Notes	5 Years	A	30%
Negotiable Certificates of Deposit	5 Years	A	30%

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 3 – CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
Repurchase Agreements	30 days	A
U.S. Treasury Obligations	N/A	N/A
U.S. Agency Securities and U.S. Government Sponsored Enterprise	N/A	N/A
State Obligations	N/A	Second Highest Rating Category
Commercial Paper	270 days	A-1
Negotiable Certificates of Deposit	N/A	N/A
Time Certificates of Deposit	N/A	N/A
Shares of Beneficial Interest	N/A	Top Rating Category
Money Market Funds	N/A	Aam
Bankers' Acceptances	360 days	A-1
California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A
California Asset Management Program (CAMP)	Upon Demand	N/A

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total
California Local Agency Investment Fund	\$28,215,245			\$28,215,245
Money Market Funds	100			100
CalTrust Short Term Fund	1,094,347			1,094,347
Non- Negotiable Certificates of Deposit	727,652	\$727,098	\$1,450,964	2,905,714
Total Investments	<u>\$30,037,344</u>	<u>\$727,098</u>	<u>\$1,450,964</u>	32,215,406
Cash in banks and on hand				<u>14,074,430</u>
Total Cash and Investments				<u><u>\$46,289,836</u></u>

Money market funds and mutual funds are available for withdrawal on demand and as of June 30, 2020 have an average maturity of 43 days.

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2020 for each investment type as provided by Standard and Poor's investment rating system.

Investment Type	AAAm	AAf	Total
Money Market Funds	\$100		\$100
CalTrust Short Term Fund		\$1,094,347	1,094,347
Total	<u>\$100</u>	<u>\$1,094,347</u>	1,094,447

Not rated:

California Local Agency Investment Fund	28,215,245
Non- Negotiable Certificates of Deposit	2,905,714
Total Investments	<u>32,215,406</u>
Cash in banks and on hand	<u>14,074,430</u>
Total Cash and Investments	<u><u>\$46,289,836</u></u>

G. Investment Pools

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, United States Treasury Notes and Bills, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2020, these investments matured in an average of 191 days.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 3 – CASH AND INVESTMENTS (Continued)

The City is a participant in the Short-Term Fund of the Investment Trust of California (CalTrust), a joint powers authority and public agency established by its members under the provisions of Section 6509.7 of the California Government Code. Members and participants are limited to California public agencies. CalTrust is governed by a Board of Trustees of seven Trustees, at least seventy-five percent of whom are from the participating agencies. The City reports its investment in CalTrust at the fair value amount provided by CalTrust, which is the same as the value of the pool shares. The balance is available for withdrawal on demand, and is based on the accounting records maintained by CalTrust. Included in CalTrust's investment portfolio are: United States Treasury Notes, Bills, Bonds or Certificates of Indebtedness; registered state warrants or treasury notes or bonds; California local agency bonds, notes, warrants or other indebtedness; federal agency or United States government-sponsored enterprise obligations; bankers acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term notes; money market mutual funds; notes, bonds or other obligation secured by a first priority security interest in securities authorized under Government Code Section 53651; and mortgage passthrough securities, collateralized mortgage obligations, and other asset – backed securities. At June 30, 2020, the Short-Term Fund investments matured in an average of 234 days.

H. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2020:

	Level 2	Total
Investments by Fair Value Level:		
CalTrust Short Term Fund	\$1,094,347	\$1,094,347
Non- Negotiable Certificates of Deposit	2,905,714	2,905,714
	<u>\$1,094,347</u>	4,000,061
Investments Measured at Amortized Cost:		
Money Market Funds		100
Investments Exempt from Fair Value Hierarchy:		
California Local Agency Investment Fund		28,215,245
Total Investments		<u>\$32,215,406</u>

CalTrust is classified in Level 2 of the fair value hierarchy and is valued based on the fair value factor provided by the Treasurer of the State of California which is calculated as fair value divided by the amortized cost of the investment pools. Non-Negotiable Certificates of Deposits classified in Level 2 are valued using pricing techniques of matrix pricing or market corroborated pricing, with inputs such as yield curves or indices. Fair value is defined as the quoted market value on the last trading day of the period.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 4 – INTERFUND TRANSACTIONS

A. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2020 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Water System Enterprise Fund	\$473,000 A
	Non-Major Funds	8,745 B
Capital Improvements Fund	General Fund	75,000 B
	Non-Major Funds	2,974,640 A, B
Non-Major Funds	General Fund	25,400 A
	Non-Major Funds	7,700 A
Equipment Replacement Internal Service Fund	General Fund	203,100 A
Water System Enterprise Fund	General Fund	48,008 A
Marina Services Enterprise Fund	General Fund	60,000 A
	Total Interfund Transfers	\$3,875,593

A: To fund capital projects

B: To fund operations

B. Long-Term Interfund Advance

During fiscal year 2019-20, the General Fund made a non-interest bearing advance to the Marina Services Enterprise Fund in the amount of \$75,000 to be repaid once the Marina's financial condition improves. As of June 30, 2020, no repayments have been made.

C. Internal Balances

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

NOTE 5 – LOAN RECEIVABLE AND UNAVAILABLE REVENUE

A. Riverhouse Associates

The City made a loan to Riverhouse Associates, which was used to rehabilitate the Riverhouse Hotel, an affordable housing project. The loan is secured by a deed of trust, bears no interest, and is due August 14, 2021. As of June 30, 2020, the loan balances of \$262,010 and \$22,920 were owed to the Capital Improvements Capital Projects Fund and Water System Enterprise Fund, respectively.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 5 – LOAN RECEIVABLE AND UNAVAILABLE REVENUE (Continued)

B. *Martinez Unified School District*

The Martinez Unified School District (MUSD) requested financial assistance from the City in order to retain seventeen teachers. Without the City's assistance the District would not have been able to maintain classroom sizes in the District's Kindergarten – 3rd grades. On July 27, 2009, the City advanced the MUSD \$500,000 and entered into a fee service and joint facility use agreement for the repayment. The fee service portion of the agreement was terminated on July 27, 2014. The joint facility use portion of the agreement was for the District to maintain \$150,000 in the District's Capital Improvement Fund for the purpose of a joint facility, which terminated July 27, 2019. At the end of the fee service agreement the District opted to increase the restricted capital funds for the remaining 5 years of the agreement to the actual amount owed. As of June 30, 2020, the balance owed to the City was fully repaid.

NOTE 6 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The City capitalizes all capital assets with values greater than \$5,000.

Capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

Buildings	30-50 years
Improvements	30-50 years
Equipment	3-25 years
Infrastructure	10-67 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 6 – CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

Capital asset activities for the year ended June 30, 2020 comprise:

	Balance at June 30, 2019	Additions	Deletions	Transfers	Balance at June 30, 2020
Governmental activities					
Capital assets not being depreciated:					
Land	\$16,055,115				\$16,055,115
Construction in progress	12,113,329	\$4,590,298	(\$4,670,336)	(\$288,992)	11,744,299
Total capital assets not being depreciated	28,168,444	4,590,298	(4,670,336)	(288,992)	27,799,414
Capital assets being depreciated:					
Buildings	12,216,277	241,839			12,458,116
Improvements	36,920				36,920
Equipment	9,551,998	437,578	(154,979)	42,659	9,877,256
Infrastructure	83,903,112			246,332	84,149,444
Total capital assets being depreciated	105,708,307	679,417	(154,979)	288,992	106,521,736
Less accumulated depreciation:					
Buildings	(4,612,244)	(373,856)			(4,986,100)
Improvements	(12,308)	(1,230)			(13,538)
Equipment	(6,459,356)	(628,793)	154,979		(6,933,170)
Infrastructure	(42,748,436)	(2,916,102)			(45,664,538)
Total accumulated depreciation	(53,832,344)	(3,919,981)	154,979		(57,597,346)
Net capital assets being depreciated	51,875,963	(3,240,564)			48,924,390
Governmental activities capital assets, net	\$80,044,407	\$1,349,734	(\$4,670,336)		\$76,723,804

During fiscal year ended June 30, 2020, the City completed two large pavement repair and rehabilitation projects, totaling \$4,670,336 that were previously recorded in Construction in Progress. Upon completion of the projects, it was determined that the costs were related to repairs and maintenance, and therefore, were not capitalized.

	Balance at June 30, 2019	Additions	Deletions	Transfers	Balance at June 30, 2020
Business-type activities					
Capital assets, not being depreciated:					
Land	\$2,490,774	\$31,075			\$2,521,849
Construction in progress	1,669,166	433,726		(\$972,340)	1,130,552
Total capital assets not being depreciated	4,159,940	464,801		(972,340)	3,652,401
Capital assets being depreciated:					
Buildings	25,883,575		(\$180,000)	972,340	26,675,915
Improvements	4,791,884				4,791,884
Equipment	2,716,229	394,234			3,110,463
Infrastructure	92,719,454				92,719,454
Total capital assets being depreciated	126,111,142	394,234	(180,000)	972,340	127,297,716
Less accumulated depreciation for:					
Buildings	(12,637,560)	(673,212)	180,000		(13,130,772)
Improvements	(654,536)	(149,019)			(803,555)
Equipment	(2,401,382)	(99,624)			(2,501,006)
Infrastructure	(75,214,877)	(1,330,146)			(76,545,023)
Total accumulated depreciation	(90,908,355)	(2,252,001)	180,000		(92,980,356)
Net capital assets being depreciated	35,202,787	(1,857,767)		972,340	34,317,360
Business-type activities capital assets, net	\$39,362,727	(\$998,732)			\$37,969,761

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 6 – CAPITAL ASSETS (Continued)

B. Capital Asset Contributions

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. GASB Statement 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

C. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function, or program, are as follows:

<i>Governmental Activities</i>	
General Government	\$46,418
Public Works	21,085
Community & Economic Development	3,342,812
Police	218,301
Internal Service Funds	291,365
	<hr/>
Total Governmental Activities	\$3,919,981
	<hr/>
<i>Business-Type Activities</i>	
Water System	\$2,166,226
Parking Services	85,775
	<hr/>
Total Business-Type Activities	\$2,252,001
	<hr/>

NOTE 7 – LONG-TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

Proprietary Fund (Enterprise and Internal Service) long-term debt is accounted for in the proprietary funds which will repay the debt because these funds are accounted for on the full-accrual basis in a similar manner to commercial operations.

For governmental fund types, bond premiums and discounts are recognized during the period of issuance. For proprietary fund types, bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. All issuance costs are expensed when incurred. Bonds payable are reported net of the applicable bond premium or discount.

The City's debt issues and transactions are summarized below and discussed in detail thereafter.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 7 – LONG-TERM DEBT (Continued)

A. Current Year Transactions and Balances

	Original Issue Amount	Balance at June 30, 2019	Additions	Retirements	Balance at June 30, 2020	Current Portion
Governmental Activity - Bonds:						
2012 General Obligation Bonds Election of 2008, Series B, 4-5%, due November 1, 2042	\$10,000,000	\$8,805,000		\$40,000	\$8,765,000	\$45,000
2008 General Obligation Bonds, Series C 3.125-5%, due on August 1, 2042	5,000,000	4,925,000		120,000	4,805,000	125,000
2017 General Obligation Refunding Bonds 3.125-5%, due on August 1, 2042	11,935,000	11,565,000		150,000	11,415,000	180,000
Governmental Activity - Direct Borrowing:						
Social Security Loan 6.2%, due August 1, 2023	2,438,734	2,438,734		454,052	1,984,682	470,307
Governmental Activity - Capital Lease:						
Street Sweeper Capital Lease 2.7%, due January 7, 2025	275,747		\$275,747		275,747	52,251
Total governmental activity debt		<u>\$27,733,734</u>	<u>\$275,747</u>	<u>\$764,052</u>	<u>\$27,245,429</u>	<u>\$872,558</u>

	Original Issue Amount	Balance at June 30, 2019	Retirements	Balance at June 30, 2020	Current Portion
Business-Type Activities -					
2012 Refunding Water System Improvements 2-4%, due December 1, 2026	\$8,025,000	\$4,750,000	\$520,000	\$4,230,000	\$535,000
Plus: Unamortized Bond Premium		354,380	47,250	307,130	
		<u>5,104,380</u>	<u>567,250</u>	<u>4,537,130</u>	<u>535,000</u>
Business-Type Activity- Direct Borrowing:					
Social Security Loan 6.2%, due August 1, 2023	621,266	621,266	115,669	505,597	119,810
Total business-type activity debt		<u>\$5,725,646</u>	<u>\$682,919</u>	<u>\$5,042,727</u>	<u>\$654,810</u>

B. General Obligation Bonds

On March 21, 2012, the City issued the General Obligation Election of 2008, Series B Bonds (GOs) in the amount of \$10,000,000 to finance the costs of acquiring and constructing parks, library improvements, and pool and safety improvements in the City.

The Bonds were authorized at an election held on November 4, 2008, at which more than two-thirds of the voters approved. Interest payments on the GOs are due semi-annually on February 1 and August 1, and annual principal payments are due on February or August 1. Interest and principal payments are payable from ad valorem property taxes levied by the City and collected by the County. The total principal and interest remaining to be paid on the bonds is \$24,985,000 and \$14,067,075, respectively. Principal and interest paid for the current fiscal year and total Ad Valorem Property Tax Revenues were \$1,319,168, and \$967,938, respectively.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 7 – LONG TERM DEBT (Continued)

On November 14, 2017, the City issued concurrently 2017 General Obligation Refunding Bonds of \$11,935,000 and General Obligation Bonds, Election of 2008, Series C, in the amount of \$5,000,000 for a combined total of \$16,935,000. The proceeds from the 2017 General Obligation Refunding Bonds were used to refinance the City's outstanding General Obligation Bonds, Election 2008, Series A. The Series C Bonds were issued to finance the costs of acquiring and constructing parks, library improvements, pools and safety improvements in the City and pay the costs related to issuing the Series C bonds. The bond covenants have a provision that allows the owners of not less than 60% on the principal amount of the bonds then outstanding to declare the entire principal and accrued interest to become immediately payable. Both sets of the bonds bear interest ranging from 3.125% - 5.0%, and have annual principal and interest payments due August 1.

C. *Social Security Note Payable*

On August 1, 2018, the City executed a direct borrowing note payable agreement with Martinez Public Improvement Corporation in the amount of \$3,060,000 which is allocated between Governmental Activities and the Water Enterprise Fund. The debt was assumed as means to pay Social Security taxes on behalf of the Pleasant Hill – Martinez Joint Facilities Agency (JFA) employees who officially became City employees. The City has pledged City Hall as collateral for the lease agreement. The agreement also contains an event of default that provides for the application of a default rate (current rate plus three percent); provided, however, that notwithstanding anything herein to the contrary, there shall be no right under any circumstances to accelerate the lease Payments or otherwise declare any lease payments not then in default to be immediately due and payable. Interest on the Note is payable semiannually on February 1 and August 1. The note bears an interest rate of 6.2%. Principal payable on the note will be paid on August 1 starting on August 1, 2019 until paid in full in 2023.

D. *2012 Certificates of Participation*

On February 10, 2012, the City issued Certificates of Participation (COPs) in the amount of \$8,025,000 to refund the 1999 COPs and for the acquisition and construction of improvements to the City's existing water system. Semi-annual interest payments are due on June 1 and December 1 of each year, and annual principal payments are due on December 1. Interest and principal payments are payable from net revenues derived from the operation of the water system. The total principal and interest remaining to be paid on the certificates is \$4,846,325. The City's principal and interest paid for the current fiscal year is \$691,650.

The City has pledged future Water System Enterprise Fund revenues, net of specified operating expenses, to repay the installment agreement portion of the 2003 COPs and the 2012 Certificates of Participation through 2027. The installment agreement has a provision that allows the trustee to declare the outstanding amounts to become immediately due if an event of default occurs. Annual principal and interest payments on the 2003 bonds are expected to require less than 9.02% percent and 0.18% percent of net water revenues. Annual principal and interest payments on the 2012 bonds are expected to require less than 10.47% percent and 3.88% percent of net water revenues. The Water Fund's total principal and interest remaining to be paid on the bonds is \$4,846,325.

The Water Fund's principal and interest paid for the current year and total customer net revenues were \$691,650, and \$3,360,389 respectively. The City is in compliance with its debt covenants for the year ended June 30, 2020.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 7 – LONG TERM DEBT (Continued)

E. Street Sweeper Capital Lease

On January 7, 2020, the City entered into a capital lease agreement with U.S. Bancorp Government Leasing and Finance Inc. in an amount of \$275,747 to purchase a street sweeper. Principal and interest payments are due on January 7 of each year. The total principal and interest remaining to be paid on the lease is \$298,479. No principal or interest payments were made as of June 30, 2020. The agreement also contains that in an event of default, lessor may: (1) declare all lease payments and other amounts payable to be due, (2) terminate payment schedule and reclaim possession of property being leased and (3) take any action that is permitted by applicable law.

F. Debt Service Requirements

Annual debt service requirements are shown below:

For the Year Ending June 30	Governmental Activities Bonds		Governmental Activities Direct Borrowing		Governmental Activities Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$350,000	\$993,093	\$470,307	\$62,633	\$52,251	\$7,445
2022	395,000	974,968	487,144	45,495	53,661	6,034
2023	445,000	954,568	504,584	27,743	55,110	4,586
2024	500,000	931,643	522,647	9,356	56,598	3,098
2025	555,000	905,643			58,127	1,569
2026 - 2030	3,765,000	4,023,715				
2031 - 2035	5,675,000	2,983,915				
2036 - 2040	6,595,000	1,874,033				
2041 - 2043	6,705,000	425,497				
Total	\$24,985,000	\$14,067,075	\$1,984,682	\$145,227	\$275,747	\$22,732

For the Year Ending June 30	Business Type Activities Certificates of Participation		Business Type Activities Direct Borrowing	
	Principal	Interest	Principal	Interest
2021	\$535,000	\$155,825	\$119,810	\$15,956
2022	555,000	136,700	124,100	11,590
2023	580,000	114,000	128,542	7,068
2024	600,000	90,400	133,145	2,383
2025	630,000	65,800		
2026 - 2029	1,330,000	53,600		
Total	4,230,000	\$616,325	\$505,597	\$36,997
	307,130	Plus: Unamortized Bond Premium		
	<u>\$4,537,130</u>	Gross Long-term Debt		

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 7 – LONG TERM DEBT (Continued)

G. Authorized but Unissued Debt

The City has previously issued Water Revenue Bonds authorized by the electorate at a bond election held on June 7, 1966. Series A, B, and C Bonds in the amount of \$3,250,000 were previously issued and have been fully retired; \$1,400,000 remains authorized but unissued as of June 30, 2020.

H. Debt Defeasances

In fiscal year 2018, the City defeased the 2009 General Obligation Bonds, Election of 2008, Series A, by placing the proceeds of the new bonds in separate irrevocable trust funds to provide for all future debt service payments on the old bonds or to call bonds, when economically beneficial. Accordingly, the trust account assets and the liability for the defeased bond is not included in the City's financial statements. The principal was fully redeemed on August 1, 2019 and the bonds have been fully defeased as of June 30, 2020.

NOTE 8 – LOANS PAYABLE TO STATE OF CALIFORNIA

At June 30, 2020, the Marina Services Fund owed \$4,350,224 in loans to the State. The City made an interest payment of \$55,891 to the Department of Boating and Waterways in fiscal year 2020 to cover current year interest accrued on the unpaid loan balances.

A. Current Year Transactions and Balances

	Original Issue Amount	Balance at June 30, 2019	Additions	Balance at June 30, 2020	Current Portion
Direct Borrowing:					
Loan Payable - 1964	\$1,300,000	\$850,000		\$850,000	
Accrued interest		1,891,015	\$25,500	1,916,515	
Loan Payable - 1973	450,000	251,136		251,136	\$130,531
Loan Payable - 1978	175,000	131,574		131,574	52,934
Loan Payable - 1982	300,000	323,922		323,922	89,895
Loan Payable - 1984	770,425	877,077		877,077	186,825
Total Marina Loans		\$4,324,724	\$25,500	\$4,350,224	\$460,185

During fiscal year 2003, accrued interest was added to the outstanding principal for all the State loans with the exception of the 1964 agreement.

B. Loan Payable – 1964

In January of 1960, the City entered into an agreement with the State of California, whereby a loan of \$1,300,000 was granted to the City for the construction of a Marina. In October of 1964, a Memorandum of Agreement which superseded the 1960 loan agreement was entered into. At June 30, 2020, the amount payable to the State including interest amounted to \$2,766,515.

The agreement was modified in 1964 with the following conditions:

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 8 – LOANS PAYABLE TO STATE OF CALIFORNIA (Continued)

Net income from the operations of the Marina is distributable as follows:

- Pro rata reimbursement to contributors of initial development costs as described in the agreement.
- 80% of the annual net income to the State, until the sum of \$1,300,000 is paid; the remaining 20% to be paid to the City.
- After the principal portion of the loan is repaid to the State, 80% of the annual net income shall be paid to the City; the remaining 20% shall be paid to the State until the State has been paid 3% interest per annum on the unpaid principal of the loan for each year starting with January 1, 1961. The agreement will terminate upon completion of the foregoing payments.

The loan payment date and maturity date of the loan is being negotiated between the City and the State.

C. *Loan Payable – 1973*

On December 20, 1973, the City entered into another agreement with the State of California, whereby a loan of \$450,000 was granted to the City to complete the Martinez Small Craft Harbor (MSCH). At June 30, 2020, the amount payable to the State was \$251,136. The terms are as follows:

- The loan is payable from the gross revenues from operations of the facilities located or erected within the MSCH Project, prior to any other expenditures from such revenues.
- Payments of principal and interest at 4.5% shall be payable in equal annual installments on August 1 of each year with a final payment due on August 1, 2026.
- Any retained earnings arising from the operation of the MSCH Project after deductions for repayments of the State loan, operating and maintenance expenses and reserve funds provided for by the State, shall be invested in reasonably liquid assets. No transfer of such funds, other than for advance repayment of the State loan, shall be made so long as any principal or interest remains unpaid.
- Whenever the retained earnings exceeds two years of MSCH Project operating and loan repayment expenses, such excess may be required by the State for advance repayment of the loan.

D. *Loan Payable – 1978*

On January 30, 1978, the City entered into another agreement with the State of California, whereby a loan of \$175,000 was granted to the City for construction of Marina Improvements. At June 30, 2020, the amount payable to the State was \$131,574. The terms are as follows:

- The loan is payable from the gross revenues from operation of the facilities located or erected within the Project Area.
- Payments of principal and interest at 4.5% in equal annual installments shall be payable on August 1 of each year with a final payment due August 1, 2029.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 8 – LOANS PAYABLE TO STATE OF CALIFORNIA (Continued)

E. Loan Payable – 1982

On November 1, 1982, the City entered into another agreement with the State of California, whereby a loan of \$300,000 was granted to the City for the construction of new berthings and improvements to the Marina. The loan was to be based on stages of completion. At June 30, 2020, the amount payable to the State was \$323,922. The loan terms are as follows:

- The loan is payable from the gross revenues originating from the operations of the Marina. These gross revenues constitute sole security for the loan.
- The loan shall bear compound interest at 4.5% per annum on the unpaid balance.
- Repayment of the loan shall be in equal annual installments on August 1 of each year with final payment due August 1, 2034.

F. Loan Payable – 1984

On January 14, 1984 the City entered into another agreement with the State of California, whereby a loan of \$770,425 was granted to the City for twelve capital improvement projects at the Marina. At June 30, 2020, the amount payable to the State was \$877,077. The loan terms are as follows:

- The loan is payable from the gross revenues from the operation of the facilities located within the project area.
- The loan shall bear compound interest at 4.5% per annum on the unpaid balance.
- Repayment of the loan shall be in equal annual installments on August 1 of each year with a final payment due on August 1, 2038.
- Berthing rates may not average less than \$3.75 per foot of boat or berth length and are subject to annual adjustments based on the consumer price index.
- A survey of berthing charges in the same market as the Marina shall be conducted on an annual basis.

G. Loan Repayment

The above loan agreements, except for the 1964 loan which has no specified repayment terms, require the Marina to remit annual debt service payments. The City failed to make the current year principal payment of \$60,584, in addition to the non-payment of principal in the prior fiscal years in the amount of \$341,626, the City has not made total principal payments in the amount of \$402,210 since August 1, 2012. The past due amounts have been included in the current portion of the loans payable. The State has assessed a late penalty fee of 5% of the unpaid balances. See discussion in Note 10E.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 8 – LOANS PAYABLE TO STATE OF CALIFORNIA (Continued)

On September 26, 2014, Senate Bill 1424 (SB1424) was approved by the Governor. SB1424 grants four parcels of land at the marina in the amount of \$1,019,923 to the City. In addition to the grant of lands and in recognition of the deteriorated condition of the City's marina, the City is able to defer its revenue sharing agreement with the State on an annual basis, until fiscal year 2021. This will make it possible for the City to retain the 10% payment to put towards corrective actions at the Marina.

H. Debt Service Requirements

For the Year Ending June 30	Direct borrowing:	
	Principal	Interest
2021	\$460,185	\$53,282
2022	63,310	50,556
2023	66,159	47,707
2024	69,136	44,731
2025	72,247	41,619
2026 - 2030	339,598	159,508
2031 - 2035	309,399	88,791
2036 - 2040	203,675	23,413
Total	1,583,709	<u>\$509,607</u>
Plus: Marina Loan 1964	850,000	
Plus: Accrued interest	1,916,515	
Total	<u>\$4,350,224</u>	

NOTE 9 – DEBT WITHOUT CITY COMMITMENT

A. Special Assessment Bonds

The Alhambra Creek Assessment District issued Assessment Bonds of 1999, but the City has no legal or moral liability with respect to the payment of this debt, which is secured only by assessments on the properties in this District. Therefore, this debt is not included as debt of the City. As of June 30, 2020, the District has paid all the remaining principal and interest amounts due.

B. Home Mortgage Revenue Bonds

Home mortgage revenue bonds have been issued to finance secured mortgage loans for low-income housing projects. The bonds do not constitute indebtedness to which the good faith and credit of the City is pledged. The City is not obligated to pay the principal, interest or other payments associated with the bonds. The payments on the bonds are payable solely from monies received from mortgage loans, security agreements or insurance. Accordingly, the bonds have not been recorded in the basic financial statements of the City. The total amount of mortgage revenue bonds outstanding as of June 30, 2020 was \$1,160,000.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 10 – NET POSITION AND FUND BALANCES

A. Net Position

Net Position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

Net investment in capital assets describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include capital projects, debt service requirements, and special revenue programs restricted to special revenue purposes such as transportation grants and revenues, stormwater and COPs grants.

Unrestricted describes the portion of Net Position which is not restricted to use.

B. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable represents balances set aside to indicate items not available as spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources. As of June 30, 2020, the City does not have committed fund balance.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. Intent is expressed by the City Council or the City Manager and may be changed at the discretion of the City Council or the City Manager. This category includes encumbrances; nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

Detailed classifications of the City's fund balances, as of June 30, 2020, are below:

Fund Balance Classifications	General Fund	Capital Improvements Capital Project Fund	Other Governmental Funds	Total
Nonspendable:				
Prepays	\$6,463			\$6,463
Advances to Other Funds	75,000			75,000
Total Nonspendable Fund Balances	81,463			81,463
Restricted for:				
Debt Service			\$2,703,151	2,703,151
Park & Facilities Improvements		\$360,783	2,138,618	2,499,401
Street Improvements		4,709,937	6,389,467	11,099,404
Housing			371,675	371,675
Recycle			53,516	53,516
PEG Access			747,016	747,016
Lighting & Landscape			353,428	353,428
Traffic Mitigation		35,464		35,464
Park Impact		300,077		300,077
Child Care		7,284		7,284
Drainage		128,534		128,534
Cultural Facilities		286,000		286,000
Public Safety		80,337	591,729	672,066
Total Restricted Fund Balances		5,908,416	13,348,600	19,257,016
Assigned to:				
Pension Obligation	582,425			582,425
Improvements	840,881			840,881
Health Benefits	667,575			667,575
Special Events	110,451			110,451
SB1186 - Disability Access	20,740			20,740
Seismic	927			927
Total Assigned Fund Balances	2,222,999			2,222,999
Unassigned:				
General Fund	10,771,769			10,771,769
Total Unassigned Fund Balances	10,771,769			10,771,769
Total Fund Balances	\$13,076,231	\$5,908,416	\$13,348,600	\$32,333,247

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

C. *Minimum Fund Balance Policies*

The City adopted a Fund Balance Reserve Policy with Resolution 110-15, which established minimum fund balance policies as well as four types of reserves to address unanticipated, one-time needs. The policy requires the City maintain a minimum of 20% unassigned fund balance based on operating expenditures. The City will maintain two assigned reserves and two unassigned-contingency reserves to address unforeseen emergencies or disasters, significant changes in economic environment, escalating employee benefit costs, and key infrastructure improvements. These include:

- Pension/OPEB Obligation Assigned Fund Balance Reserve: Funds designated to mitigate pension, insurance and retiree health benefits due to an extreme fluctuation in rates due to a specific cause.
- Infrastructure Assigned Fund Balance Reserve: Funds designated for infrastructure and deferred maintenance.
- Catastrophic Unassigned-contingency Fund Balance Reserve: Funds reserved under this category shall be used to mitigate costs associated with unforeseen emergencies, including natural disasters.
- Economic Uncertainty Unassigned-contingency Fund Balance Reserve: Funds designated to mitigate revenue shortfalls due to downturn in economic cycles, as well as reductions in revenues caused by actions from State/Federal governments, thereby avoiding the need for service-level reductions within the fiscal year. Should any unanticipated reductions in revenues be deemed to be recurring, adjustments will be made in the next budget cycle to reflect the revised revenue projections.

The General Fund reserve levels are as follows:

The City must commit to maintaining the unassigned fund balance at the stated 20% minimum based on the General Fund's annual operating expenditures (minus one-time expenditures).

The City must commit to maintaining the combined assigned and unassigned-contingency reserve fund balance at a minimum of \$5,000,000.

The General Fund Reserve Policy is reviewed by the City Council as part of the biannual operating budget review and adoption process. Appropriations of General Fund reserves require formal Council authorization.

At June 30, 2020, the City is in compliance with their Fund Balance Policy.

D. *Contingency Arrangements*

The City's annual budget requires the City to implement and maintain fund balance to handle any unforeseen contingencies in the future, rather than continued reliance on the City's operating General Fund reserves.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

These unforeseen contingencies include Economic Uncertainty, Catastrophes and Contingencies. As of June 30, 2020, the following are reported within the unassigned fund balance of the General Fund:

	Amount
Economic Uncertainty	\$600,000
Catastrophes	900,000
Contingencies	100,000
Total	<u>\$1,600,000</u>

E. Marina as a Going Concern and Net Deficits

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Marina as a going concern. The Marina Services Enterprise Fund has an accumulated net deficit of \$3,077,390 as of June 30, 2020, made up primarily of State loans which the City has not had sufficient operating revenues to repay. The fund is used to account for the operation of the City's Marina. Management has taken steps to remedy this situation by privatizing the Marina and entering into an operating agreement with an independent company to manage the Marina. In fiscal year 2006-07, the State agreed to allow the City to make interest-only annual payments until August 2008, at which time the City commenced making principal payments on the loans. During fiscal year 2013 through 2018, the City was again unable to make principal payments on the loans. See discussion in Note 8. Contained in the loan agreements with the State is a provision which allows the State to take over the Marina with a 90-day notice. As of June 30, 2020, the City had not received such notice.

In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts shown in the accompanying statement of net position is dependent upon continued operations of the Marina, which in turn is dependent upon the Marina's ability to meet its financing requirements on a continuing basis, to maintain present financing and to succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Marina be unable to continue in existence.

NOTE 11 – PENSION PLAN

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 11 – PENSION PLANS (Continued)

A. General Information about the Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police), Miscellaneous (all other), and Miscellaneous Joint Facilities Agency Employee Rate Plans. The City’s Safety, Miscellaneous, and Miscellaneous Joint Facilities Agency Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees’ Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors nine rate plans (6 miscellaneous and 3 safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The City's labor contracts of miscellaneous employees require the City to pay 4% of the employee contribution of 7% and the full employer contribution. The City's labor contracts for safety employees require the City to pay the full 9% of the employee contribution, with the employee paying 4% of the employer contribution.

The Plans’ provisions and benefits in effect at June 30, 2020 are summarized as follows:

	Miscellaneous		
	Tier 1	Tier 2	PEPRA
	Prior to	July 1, 2012 to	On or after
Hire date	July 1, 2012*	December 31, 2012*	January 1, 2013
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-67	50-67	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7%	7%	6.75%
Required employer contribution rates	10.221%	8.081%	6.985%

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 11 – PENSION PLANS (Continued)

	Safety		
	Tier 1	Tier 2	PEPRA
	Prior to July 1, 2012*	July 1, 2012 to December 31, 2012*	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%	12%
Required employer contribution rates	21.927%	18.928%	13.034%

*A Classic CalPERS member is an employee who qualifies under one of the following categories:

An employee who was brought into CalPERS membership for the first time prior to January 1, 2013. An employee that was hired after January 1, 2013 yet is eligible for reciprocity with another public retirement system. An employee who is hired by a different CalPERS employer after January 1, 2013, after a break in service of less than six months. An employee who is brought back by the same CalPERS employer, regardless of the length of the break in service.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability and side fund was \$3,256,008 in fiscal year 2020.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2020, the contributions to the Plan were as follows:

	Miscellaneous	Safety	Total
Contributions - employer	\$1,797,318	\$3,976,986	\$5,774,304
Contributions - employee (paid by employer)	\$49,720	\$0	\$49,720

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 11 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

As of June 30, 2020, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$19,115,011
Safety	24,012,738
Total Net Pension Liability	<u>\$43,127,749</u>

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 was as follows:

	Miscellaneous	Safety	Total
Proportion - June 30, 2018	0.45686%	0.39527%	0.85213%
Proportion - June 30, 2019	0.47734%	0.38466%	0.86200%
Change - Increase (Decrease)	<u>0.02048%</u>	<u>(0.01061%)</u>	<u>0.00987%</u>

For the year ended June 30, 2020, the City recognized pension expense of \$6,104,551. As of June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$5,774,304	
Differences between actual and expected experience	2,895,433	(\$102,864)
Changes in assumptions	1,895,732	(515,190)
Net differences between projected and actual earnings on plan investments		(664,526)
Change in proportion and differences between actual contributions and proportionate share of contributions	<u>1,050,699</u>	<u>(1,944,004)</u>
Total	<u>\$11,616,168</u>	<u>(\$3,226,584)</u>

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 11 – PENSION PLAN (Continued)

\$5,774,304 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2021	\$2,541,413
2022	(408,663)
2023	350,728
2024	131,802
Total	<u>\$2,615,280</u>

Actuarial Assumptions – For the measurement period ended June 30, 2019 the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2019 total pension liability was based on the following actuarial methods and assumptions:

	All Plans (1)
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15% (3)
Mortality	Derived using CalPERS' Membership Data for all funds (2)
Post Retirement Benefit Increase	Contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

- (1) All of the City's plan for Miscellaneous, Miscellaneous Joint Facilities Agency and Safety employed the same assumptions.
- (2) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study reports (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.
- (3) Net of pension plan investment expenses, including inflation.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 11 – PENSION PLAN (Continued)

Discount Rate—The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the expected real rate of return by asset class.

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100%		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities;

Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.00% used for this period.

(c) An expected inflation of 2.92% used for this period.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 11 – PENSION PLANS (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

– The following presents the City’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety	Total
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$29,050,275	\$34,125,705	\$63,175,980
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$19,115,011	\$24,012,738	\$43,127,749
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$10,914,153	\$15,721,689	\$26,635,842

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Subsequent Event - CalPERS Pension Contribution Rates - The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. As a result of these changes, the City’s contribution rates for the fiscal year ended June 30, 2021 are expected to increase over the fiscal year 2020 contribution rates.

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS

A. General Information about the City’s Other Post Employment Benefit (OPEB) Plan

The City has a single-employer defined benefit healthcare plan through which it provides health care benefits for retired employees and spouses based on negotiated employee bargaining unit contracts. Substantially all of the City’s employees may become eligible for those benefits if they reach the normal retirement age and have a minimum ten years of service while working for the City. The premium reimbursement benefits are as follows: 0-10 years of service = 0%; 10-15 years of service = 25%; 15-20 years of service = 50%; 20-25 years of service = 75%; 26 years or more of service = 100%. Currently, 48 retirees meet the eligibility requirements and receive reimbursements.

Additionally, the City provides the option of postretirement health benefits to sworn Police Personnel through the Public Employees’ Retirement System (PERS) in lieu of the reimbursement plan, in accordance with the MOU for that represented group. The City covers 100% of the Kaiser cost for retirees prior to January 1, 2005. Those employees who retire after January 1, 2005 pay a percentage of the cost increase. Currently, 49 retirees meet the eligibility requirements and are either receiving reimbursements or health benefits paid directly by the City to PERS.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

By Council resolution and through agreements with its labor units, the City provides certain health care benefits for retired employees (spouses and dependents are not included) under third-party insurance plans. A summary of eligibility and retiree contribution requirements are shown below by bargaining unit:

Martinez Police Officers' Association

Health Benefits - Employees represented by the Association who retire for service or disability on PERS shall receive retirement health benefits in accordance with the PERS Health Plan provisions. The City shall pay one hundred percent of the premium cost at the Kaiser North premium level. Employees selecting plans other than Kaiser North shall receive the same dollar contribution as for Kaiser.

Effective January 1, 2005, the City shall pay eighty percent of the increase in the Kaiser premium.

Effective January 1, of each successive year of the Memorandum of Understanding when the premiums are increased by the carrier, the City will pay seventy-five percent of any increase in the Kaiser premium.

Dental Benefits - The City agrees to pay ten dollars per month to Police Officers who retire after July 1, 1991 toward the retirement dental benefit. Such payment will be discontinued for employees who retire after January 1, 2006.

Non-Sworn Employees; Management Association; and Laborers' International Union of North America (LiUNA) Local #324

Health Benefits - Employees represented by the Association and by LiUNA, Local #324 who retire from service or disability on PERS shall receive retirement health benefits in accordance with the following:

Benefits shall be paid at the retirement health benefit rate for the least costly of the health benefit insurances. At the present time the least costly of the plans offered is Kaiser. For those hired prior to January 1, 2007, the City shall pay one hundred percent of the premium prorated based on the percentages shown below.

For those retirees who were hired on or after January 1, 2007, the retiree shall be ninety-three and a half percent reimbursed the amount of the Kaiser premium in effect on January 1, 2007 plus eighty percent of each increase in the premium, prorated based on the percentages shown below.

Years of Service with the City	Percent of Health Insurance To be Paid by City
0 through 9 years	0%
10 through 14 years	25%
15 through 19 years	50%
20 through 24 years	75%
Over 25 years	100%

For retirees hired before January 1, 2006, the City will also pay for the cost of Medicare Part B. The above percentages also apply to the payment of Medicare Part B.

For the year ended June 30, 2020, the City contributed \$1,427,928 to the Plan.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2019:

Active employees	123
Inactive employees or beneficiaries currently receiving benefit payments	106
Total	229

B. Net OPEB Liability

Actuarial Methods and Assumptions – The City’s net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018 that was rolled forward using standard update procedures to determine the total OPEB liability as of June 30, 2019, based on the following actuarial methods and assumptions:

The underlying mortality assumptions were based on the mortality table published by CalPERS in their 2014 study, adjusted to back out 20 years of Scale BB to central year 2008 and all other actuarial assumptions used in July 1, 2019 valuation were based on the results of a June 30, 2018 actuarial experience study for the period 1997 to 2011, except for a different basis used to project future mortality improvements.

	Actuarial Assumptions
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Plan Type	Single Employer Defined Benefit
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.75% per year
Payroll Growth	3.25% per year
Investment Rate of Return	6.90%
Mortality, Retirement, Disability, Termination	CalPERS 2017 experience study
Mortality Improvement	MacLeod Watts Scale 2020 applied generationally
Healthcare Trend Rate	Actual increases for 2017 and 2018; 6.5% in 2021 to 5% in 2024 in steps of 0.5%
Participation Rate	Active employees: (a) All miscellaneous employees who qualify for retiree medical benefits are assumed to receive the medical premium subsidy in retirement. (b) All safety employees are assumed to elect medical coverage in retirement. If currently covered, the employee is assumed to continue their current plan selection; safety employees not currently enrolled are assumed to elect coverage in the CalPERS Kaiser Bay area plan. Retired participants: Existing benefits (all retirees) and medical plan elections (safety employees) are assumed to continue until the retiree’s death.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation
Global Equity	59%
Fixed Income	25%
Global Real Estate (REITs)	8%
Treasury Inflation Protected Securities	5%
Commodities	3%
Total	100%

Discount Rate – The discount rate used to measure the total OPEB liability was 6.90%. When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). When a plan sponsor makes regular, sufficient contributions to a trust in order to prefund the OPEB liabilities, GASB 75 allows use of a rate up to the expected rate of return of the trust. Therefore, prefunding has an average of potentially being able to report overall lower liabilities due to future expected benefits being discounted at a higher rate.

C. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease)	
Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2019	\$19,298,015	\$11,116,182
Changes Recognized for the Measurement Period:		\$8,181,833
Service Cost	531,213	531,213
Interest on the total OPEB liability	1,326,382	1,326,382
Expected Investment Income	767,099	(767,099)
Employer Contributions	1,212,623	(1,212,623)
Changes of Benefit Terms		
Administrative expenses	2,381	(2,381)
Other expenses		
Benefit payments	(1,212,623)	(1,212,623)
Assumption Changes		
Plan Experience		
Investment Experience	(85,935)	85,935
Recognized Deferred Resources		
Employer Contributions in Fiscal Year		
Net changes in Fiscal Year 2019-2020	644,972	683,545
Balance at June 30, 2020	\$19,942,987	\$11,799,727
		\$8,143,260

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1% (5.90%)	Discount Rate (6.90%)	Discount Rate +1% (7.90%)
\$10,536,061	\$8,143,260	\$6,154,856

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Net OPEB Liability/(Asset)		
Healthcare Cost		
1% Decrease	Trend Rates	1% Increase
\$5,982,811	\$8,143,260	\$10,766,321

E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized OPEB expense of \$1,536,699. At June 30, 2020, the City reported deferred outflow and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred contributions	\$1,427,928	
Changes of assumptions	673,328	(\$495,363)
Differences between actual and expected experience		(1,099,560)
Net differences between projected and actual earnings on plan investments		(148,916)
Total	\$2,101,256	(\$1,743,839)

\$1,427,928 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized a reduction of the OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2021	(\$322,611)
2022	(322,610)
2023	(214,094)
2024	(111,121)
2025	(100,075)
Total	(\$1,070,511)

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 13 – DEFERRED COMPENSATION PLAN

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this Plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

NOTE 14 – RISK MANAGEMENT

A. *Municipal Pooling Authority*

The City is a member of the Municipal Pooling Authority. The Authority provides coverage against the following types of loss risks under the terms of a joint-powers agreement with the City and several other cities and governmental agencies as follows:

Type of Coverage (Deductible)	Coverage Limits
Liability (\$25,000)	\$29,000,000
Employment Risk Management Authority (\$50,000)	\$2,000,000
Vehicle - Physical Damage (\$3,000 for police vehicles, \$2,000 for all others)	\$250,000
Government Crime (\$2,500)	\$1,000,000
Workers' Compensation (no deductible)	Statutory Limits
All Risk Fire & Property (\$25,000, except water claims \$150,000)	\$1,000,000,000
Earthquake (20% of replacement cost values, \$50,000 minimum, all other perils \$25,000 per occurrence)	\$8,403,102
Flood (\$100,000 per occurrence)	\$25,000,000
Boiler & Machinery (\$5,000)	\$100,000,000
Cyber Liability (\$50,000)	\$2,000,000
Public Entity Pollution Liability (\$100,000)	\$1,000,000

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 14 – RISK MANAGEMENT (Continued)

The Authority is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of the Authority, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

The City's deposits with the Authority are in accordance with formulas established by the Authority. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Audited financial statements for the Authority are available from Municipal Pooling Authority, 1911 San Miguel Drive, Suite 200, Walnut Creek, CA 94596.

B. *Liability for Uninsured Claims*

The City provides for the uninsured portion of claims and judgments, including a provision for claims incurred but not reported, when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable.

The City's liability for uninsured claims at June 30 was estimated by management based on claims experience reported by Municipal Pooling Authority and was computed as follows:

	2020	2019
Beginning balance	\$80,000	\$80,000
Liability for current fiscal year claims	233,044	57,933
Increase (decrease) in liability for prior fiscal year claims and claims incurred but not reported (IBNR)	(225,548)	(30,152)
Claims paid	(7,496)	(27,781)
Ending balance	<u>\$80,000</u>	<u>\$80,000</u>

The amount of settled claims has not exceeded the City's maximum coverages in any of the past three years.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

A. *Litigation*

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no presently filed litigation which is likely to have a material adverse effect on the financial position of the City.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 15 - COMMITMENTS AND CONTINGENCIES (Continued)

B. Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically re-appropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end.

Encumbrances outstanding as of June 30, 2020 were as listed below:

	Amount
Governmental funds:	
General Fund	\$160,153
Measure H Capital Project Fund	1,104,290
Capital Improvements	513,362
Total	<u>\$1,777,805</u>

C. Sales Tax Sharing Agreement - County

In fiscal year 1992, the City entered into a sales tax sharing agreement with Contra Costa County. The agreement became effective in fiscal year 1992 and the City is to make semi-annual payments each year equal to 60% of the total sales tax generated by the Midhill/Morello Annexation Area and received by the City. During fiscal year 2020, payments made to the County under the agreement totaled \$369,641.

D. Sales Tax Sharing Agreement - Corporation

In fiscal year 2010, the City entered into a sales tax sharing agreement with a corporation. The agreement became effective in fiscal year 2010 and the City is to make quarterly payments each year equal to 60% of the total sales tax generated by the corporation and received by the City. The agreement terminates on December 31, 2021, however there are two five year renewal options that may follow the termination date. During fiscal year 2020, payments made to the corporation under the agreement totaled \$147,038.

E. COVID-19 Global Pandemic

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. Although many of the City's services are considered essential, City Hall was closed to the public. However, the ultimate financial impact and duration cannot be reasonably estimated at this time.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 16 – SUBSEQUENT EVENTS

In December 2020, the City issued water revenue bonds in the principal amount of \$10,000,000 to finance infrastructure improvements to the City's water system. The bonds will be repaid using water utility revenue.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

COST-SHARING MULTIPLE-EMPLOYER DEFINED PENSION PLAN – LAST 10 YEARS*

SCHEDULE OF PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE

Prepared for City of Martinez, a Cost-Sharing Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2020
Last 10 Years *

Measurement Date:	Miscellaneous <u>6/30/2014</u>	Miscellaneous <u>6/30/2015</u>	Miscellaneous <u>6/30/2016</u>	Miscellaneous <u>6/30/2017</u>	Miscellaneous <u>6/30/2018</u>	Miscellaneous <u>6/30/2019</u>
Plan's proportion of the Net Pension Liability (Asset)	0.42672%	0.40516%	0.42958%	0.44250%	0.45686%	0.47734%
Plan's proportion share of the Net Pension Liability (Asset)	\$10,546,336	\$11,115,396	\$14,923,157	\$17,443,565	\$17,217,712	\$19,115,011
Plan's Covered Payroll	6,488,197	7,088,066	6,370,746	6,643,377	7,505,985	7,150,664
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	162.55%	156.82%	234.25%	262.57%	229.39%	267.32%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	78.70%	81.67%	75.89%	75.89%	75.95%	74.12%

Measurement Date:	Safety <u>6/30/2014</u>	Safety <u>6/30/2015</u>	Safety <u>6/30/2016</u>	Safety <u>6/30/2017</u>	Safety <u>6/30/2018</u>	Safety <u>6/30/2019</u>
Plan's proportion of the Net Pension Liability (Asset)	0.44743%	0.44518%	0.41483%	0.39405%	0.39527%	0.38466%
Plan's proportion share of the Net Pension Liability (Asset)	\$16,782,851	\$18,343,345	\$21,485,011	\$23,545,543	\$23,192,926	\$24,012,738
Plan's Covered Payroll	2,832,476	3,754,044	3,162,539	3,053,376	3,369,512	3,449,628
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	592.52%	488.63%	679.36%	771.13%	688.32%	696.10%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	67.12%	70.93%	67.12%	67.46%	67.46%	67.46%

* Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

REQUIRED SUPPLEMENTARY INFORMATION

COST-SHARING MULTIPLE-EMPLOYER DEFINED PENSION PLAN – LAST 10 YEARS*

SCHEDULE OF CONTRIBUTIONS

Prepared for City of Martinez, a Cost-Sharing Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2020
Last 10 Years*

	Miscellaneous 2015	Miscellaneous 2016	Miscellaneous 2017	Miscellaneous 2018	Miscellaneous 2019	Miscellaneous 2020
Fiscal Year Ended June 30:						
Actuarially determined contribution	\$1,036,384	\$1,250,589	\$1,307,060	\$1,846,953	\$14,509,888	\$1,797,318
Contributions in relation to the actuarially determined contributions	(1,036,384)	(1,250,589)	(1,307,060)	(1,846,953)	(14,509,888)	(1,797,318)
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0</u>	<u>\$0</u>
Covered payroll	\$7,088,066	\$6,370,746	\$6,643,377	\$7,505,985	\$7,150,664	\$7,537,514
Contributions as a percentage of covered-employee payroll	14.62%	19.63%	19.67%	24.61%	203%	23.84%
	Safety 2015	Safety 2016	Safety 2017	Safety 2018	Safety 2019	Safety 2020
Fiscal Year Ended June 30:						
Actuarially determined contribution	\$1,680,603	\$2,116,539	\$2,200,477	\$1,848,327	\$2,544,594	\$3,976,986
Contributions in relation to the actuarially determined contributions	(1,680,603)	(2,116,539)	(2,200,477)	(1,848,327)	(2,544,594)	(3,976,986)
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0</u>	<u>\$0</u>
Covered payroll	\$3,754,044	\$3,754,044	\$3,053,376	\$3,369,512	\$3,449,628	\$3,850,711
Contributions as a percentage of covered-employee payroll	44.77%	56.38%	72.07%	54.85%	73.76%	103.28%
Notes to Schedule						
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Methods and assumptions used to determine contribution rates:						
Actuarial cost method	Entry Age Normal					
Amortization method	Level percentage of payroll, closed					
Remaining amortization period	30 years					
Asset valuation method	5-year smoothed market					
Inflation	2.50%					
Salary increases	3.3% to 14.2%, depending on Age, Service and type of employment					
Investment rate of return	7.50%, net of pension plan investment expense, including inflation					
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.					
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.					

* Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS Single Employer Defined Benefit Retiree Health Funding Plan Last Ten Fiscal years*

Measurement Date	6/30/17	6/30/18	6/30/19
Total OPEB Liability			
Service Cost	\$487,084	\$502,915	\$531,213
Interest	1,387,160	1,443,852	1,326,382
Changes in benefit terms			
Differences between expected and actual experience		(1,847,568)	-
Changes of assumptions		449,935	-
Benefit payments	(1,060,000)	(1,162,669)	(1,212,623)
Net change in total OPEB liability	814,244	(613,535)	644,972
Total OPEB liability - beginning	19,097,306	19,911,550	19,298,015
Total OPEB liability - ending (a)	<u>\$19,911,550</u>	<u>\$19,298,015</u>	<u>\$19,942,987</u>
Plan fiduciary net position			
Contributions - employer	\$1,256,745	\$1,162,669	\$1,212,623
Net investment income	1,102,046	820,740	681,164
Administrative expense	(4,835)	(5,496)	(1,212,623)
Benefit payments	(1,060,000)	(1,162,669)	2,381
Other expenses		(13,642)	-
Net change in plan fiduciary net position	1,293,956	801,602	683,545
Plan fiduciary net position - beginning	9,020,624	10,314,580	11,116,182
Plan fiduciary net position - ending (b)	<u>\$10,314,580</u>	<u>\$11,116,182</u>	<u>\$11,799,727</u>
Net OPEB liability - ending (a)-(b)	<u>\$9,596,970</u>	<u>\$8,181,833</u>	<u>\$8,143,260</u>
Plan fiduciary net position as a percentage of the total OPEB liability	51.80%	57.60%	59.17%
Covered payroll	<u>\$10,459,876</u>	<u>\$10,875,496</u>	<u>\$11,386,028</u>
Net OPEB liability as a percentage of covered payroll	<u>91.75%</u>	<u>75.23%</u>	<u>71.52%</u>

Notes to schedule:

* Fiscal year 2018 was the first year of implementation, therefore only three years are shown.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS
City-Wide Retiree Health Funding Plan
Last Ten Fiscal years*

Fiscal Year Ended June 30,	2018	2019	2020
Actuarially determined contribution	\$1,295,715	\$1,287,607	\$1,233,246
Contributions in relation to the actuarially determined contribution	1,162,669	1,212,623	1,427,928
Contribution deficiency (excess)	\$133,046	\$74,984	(\$194,682)
Covered payroll	\$10,875,496	\$11,386,028	\$11,727,609
Contributions as a percentage of covered payroll	10.69%	10.65%	12.18%

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	3% per year
Payroll Growth	3.25% per year
Investment Rate of Return	6.90%
Mortality, Retirement, Disability, Termination	CalPERS experience study from Jan 2015
Mortality Improvement	MacLeod Watts Scale 2018 applied generationally
All Other Assumptions	Same as those used to determine the total OPEB liability

Notes to Schedule:

*Fiscal year 2018 was the first year of implementation, therefore only three years are shown.

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:**Gas Tax Funds**

To account for the funds received from the State of California under code 2105, 2106, and 2107 to use for street and highway related projects.

NPDES Stormwater Fund

To account for the revenues and expenditures from assessments levied on all real property in the City in compliance with the provisions of the National Pollutant Discharge Elimination System for prevention of stormwater and flood related damage.

Measure J Fund

This fund receives voter-approved, half cent countywide sales taxes levied to fund transportation improvements and disburses these funds to pay for local street improvements.

COPS Grant Fund

To account for the funds received from the federal government and State of California to be used specifically for public safety equipment and personnel.

Housing In-Lieu Fund

This fund accounts for developer fees which are paid in-lieu of affordable housing. The funds are to be used at the City's discretion for the provision of affordable housing to low and moderate income households.

PEG Access Fund

This fund accounts for the payments received by the City's cable provider to be used for public, educational and governmental capital support as provided by the City's franchise agreement.

Recycling Fund

This fund accounts for grants the City receives for the disposal of used oil and recycling of material and for monies received to cover the implementation of the City's Assembly Bill 939 programs and Climate Action Plan initiatives.

CAPITAL PROJECTS FUNDS:**Lighting and Landscaping Fund**

To account for the installation, maintenance and improvement of subdivision landscape and lighting within the special districts. Monies are collected through an annual levy on the property owners within each district.

Measure D Fund

This fund receives voter-approved, one half cent sales tax to fund road maintenance and improvements within the City.

Measure H Capital Project Fund - Accounts for the \$25,000,000 of General Obligation Bonds issued in May 2009 and March 2012. These funds are to finance the costs of acquiring and constructing parks, library improvements, and pool and safety improvements.

DEBT SERVICE FUND:

Measure H Debt Service Fund – To account for funds used for payment of debt service on the General Obligation Bonds. Debt Service is funded from *ad valorem* taxes levied upon all property within the City subject to taxation.

CITY OF MARTINEZ
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2020

	SPECIAL REVENUE FUNDS				
	Gas Tax Funds	NPDES Stormwater Fund	Measure J Fund	COPS Grant Fund	Housing In-Lieu Fund
ASSETS					
Cash and investments:					
Available for operations	\$664,975	\$159,651	\$267,639	\$524,284	\$371,675
Restricted		275,819			
Receivables:					
Accounts receivable (net of allowance for uncollectibles)		1,335			
Intergovernmental	101,800	214,117	1,218,477	71,661	
Prepays					
Total Assets	<u>\$766,775</u>	<u>\$650,922</u>	<u>\$1,486,116</u>	<u>\$595,945</u>	<u>\$371,675</u>
LIABILITIES					
Accounts payable	\$1,474	\$277,452	\$1,457	\$4,216	
Accrued wages and benefits		5,128			
Deposits					
Due to other funds					
Unearned revenue		1,335			
Total Liabilities	<u>1,474</u>	<u>283,915</u>	<u>1,457</u>	<u>4,216</u>	
FUND BALANCES:					
Restricted	<u>765,301</u>	<u>367,007</u>	<u>1,484,659</u>	<u>591,729</u>	<u>\$371,675</u>
Total Fund Balances	<u>765,301</u>	<u>367,007</u>	<u>1,484,659</u>	<u>591,729</u>	<u>371,675</u>
Total Liabilities and Fund Balances	<u>\$766,775</u>	<u>\$650,922</u>	<u>\$1,486,116</u>	<u>\$595,945</u>	<u>\$371,675</u>

SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS			DEBT SERVICE FUND	Total Nonmajor Governmental Funds
PEG Access	Recycling Fund	Lighting and Landscaping Fund	Measure D	Measure H	Measure H	
\$734,349	\$52,209	\$348,761	\$3,080,988	\$2,431,573	\$2,611,163	\$6,204,531 5,318,555
12,667	358	6,125	694,632		91,988	14,360 2,398,800 1,995
	1,995					
<u>\$747,016</u>	<u>\$54,562</u>	<u>\$354,886</u>	<u>\$3,775,620</u>	<u>\$2,431,573</u>	<u>\$2,703,151</u>	<u>\$13,938,241</u>
	\$839 196 11	\$1,458	\$3,120	\$278,263 14,692		\$568,279 5,324 14,703 1,335
	1,046	1,458	3,120	292,955		589,641
<u>\$747,016</u>	<u>53,516</u>	<u>353,428</u>	<u>3,772,500</u>	<u>2,138,618</u>	<u>\$2,703,151</u>	<u>13,348,600</u>
<u>747,016</u>	<u>53,516</u>	<u>353,428</u>	<u>3,772,500</u>	<u>2,138,618</u>	<u>2,703,151</u>	<u>13,348,600</u>
<u>\$747,016</u>	<u>\$54,562</u>	<u>\$354,886</u>	<u>\$3,775,620</u>	<u>\$2,431,573</u>	<u>\$2,703,151</u>	<u>\$13,938,241</u>

CITY OF MARTINEZ
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	SPECIAL REVENUE FUNDS				
	Gas Tax Funds	NPDES Stormwater Fund	Measure J Fund	COPS Grant Fund	Housing In-Lieu Fund
REVENUES					
Taxes					
Special assessments					
Licenses, permits, and fees					
Intergovernmental	\$1,552,924	\$542,460	\$1,214,187	\$226,738	
Charges for services		1,351			
Fines and forfeits				8,493	
Use of money and property	5,149	1,523	12,911	5,688	\$5,079
Miscellaneous				5,325	
Total Revenues	<u>1,558,073</u>	<u>545,334</u>	<u>1,227,098</u>	<u>246,244</u>	<u>5,079</u>
EXPENDITURES					
Current:					
Administrative services					
Community & economic development	557,160	359,172	96,783		
Police				3,324	
Debt service:					
Principal					
Interest and fiscal charges					
Capital outlay		275,747		196,953	
Total Expenditures	<u>557,160</u>	<u>634,919</u>	<u>96,783</u>	<u>200,277</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,000,913</u>	<u>(89,585)</u>	<u>1,130,315</u>	<u>45,967</u>	<u>5,079</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from capital lease		275,747			
Transfers in				19,400	
Transfers (out)	(1,131,640)	(100,700)	(1,250,000)		
Total Other Financing Sources (Uses)	<u>(1,131,640)</u>	<u>175,047</u>	<u>(1,250,000)</u>	<u>19,400</u>	
NET CHANGE IN FUND BALANCES	(130,727)	85,462	(119,685)	65,367	5,079
BEGINNING FUND BALANCES	896,028	281,545	1,604,344	526,362	366,596
ENDING FUND BALANCES	<u>\$765,301</u>	<u>\$367,007</u>	<u>\$1,484,659</u>	<u>\$591,729</u>	<u>\$371,675</u>

SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS			DEBT SERVICE FUND	Total Nonmajor Governmental Funds
PEG Access	Recycling Fund	Lighting and Landscaping Fund	Measure D	Measure H	Measure H	
			\$3,998,915		\$1,253,567	\$5,252,482
		\$124,761				124,761
	\$85					85
	20,188					3,556,497
	6,038					7,389
						8,493
		4,744	3,781	\$67,619	27,924	134,418
\$52,045	25,172					82,542
52,045	51,483	129,505	4,002,696	67,619	1,281,491	9,166,667
8,718	50,468					59,186
		117,814	19,356			1,150,285
						3,324
					310,000	310,000
					1,018,074	1,018,074
				722,333		1,195,033
8,718	50,468	117,814	19,356	722,333	1,328,074	3,735,902
43,327	1,015	11,691	3,983,340	(654,714)	(46,583)	5,430,765
		13,700				275,747
	(8,745)		(500,000)			33,100
						(2,991,085)
	(8,745)	13,700	(500,000)			(2,682,238)
43,327	(7,730)	25,391	3,483,340	(654,714)	(46,583)	2,748,527
703,689	61,246	328,037	289,160	2,793,332	2,749,734	10,600,073
\$747,016	\$53,516	\$353,428	\$3,772,500	\$2,138,618	\$2,703,151	\$13,348,600

CITY OF MARTINEZ
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	GAS TAX FUNDS			NPDES STORMWATER FUND		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits, and fees						
Intergovernmental	\$1,420,000	\$1,552,924	\$132,924	\$492,000	\$542,460	\$50,460
Charges for services				1,000	1,351	351
Fines and forfeits						
Use of money and property	1,000	5,149	4,149	800	1,523	723
Miscellaneous						
Total Revenues	<u>1,421,000</u>	<u>1,558,073</u>	<u>137,073</u>	<u>493,800</u>	<u>545,334</u>	<u>51,534</u>
EXPENDITURES						
Current:						
Administrative services						
Community development	651,220	557,160	94,060	451,913	359,172	92,741
Police						
Capital outlay					275,747	(275,747)
Total Expenditures	<u>651,220</u>	<u>557,160</u>	<u>94,060</u>	<u>451,913</u>	<u>634,919</u>	<u>(183,006)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>769,780</u>	<u>1,000,913</u>	<u>231,133</u>	<u>41,887</u>	<u>(89,585)</u>	<u>(131,472)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from capital lease					275,747	275,747
Transfers in						
Transfers (out)	<u>(1,131,640)</u>	<u>(1,131,640)</u>		<u>(100,700)</u>	<u>(100,700)</u>	
Total Other Financing Sources (Uses)	<u>(1,131,640)</u>	<u>(1,131,640)</u>		<u>(100,700)</u>	<u>175,047</u>	<u>275,747</u>
NET CHANGE IN FUND BALANCES	<u>(\$361,860)</u>	<u>(130,727)</u>	<u>\$231,133</u>	<u>(\$58,813)</u>	<u>85,462</u>	<u>\$144,275</u>
BEGINNING FUND BALANCES		<u>896,028</u>			<u>281,545</u>	
ENDING FUND BALANCES		<u>\$765,301</u>			<u>\$367,007</u>	

MEASURE J FUND			COPS GRANT FUND			HOUSING IN-LIEU		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$583,700	\$1,214,187	\$630,487	\$100,000	\$226,738	\$126,738			
2,000	12,911	10,911	200	8,493 5,688 5,325	8,493 5,488 5,325	\$500	\$5,079	\$4,579
585,700	1,227,098	641,398	100,200	246,244	146,044	500	5,079	4,579
261,438	96,783	164,655						
			49,602 506,700	3,324 196,953	46,278 309,747			
261,438	96,783	164,655	556,302	200,277	356,025			
324,262	1,130,315	806,053	(456,102)	45,967	502,069	500	5,079	4,579
(1,250,000)	(1,250,000)			19,400	19,400			
(1,250,000)	(1,250,000)			19,400	19,400			
(\$925,738)	(119,685)	\$806,053	(\$456,102)	65,367	\$521,469	\$500	5,079	\$4,579
	1,604,344			526,362			366,596	
	\$1,484,659			\$591,729			\$371,675	

(Continued)

CITY OF MARTINEZ
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	PEG ACCESS			RECYCLING FUND		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits, and fees				\$300	\$85	(\$215)
Intergovernmental				19,000	20,188	1,188
Charges for services				7,171	6,038	(1,133)
Fines and forfeits				5,000		(5,000)
Use of money and property						
Miscellaneous	\$58,000	\$52,045	(\$5,955)	36,500	25,172	(11,328)
Total Revenues	58,000	52,045	(5,955)	67,971	51,483	(16,488)
EXPENDITURES						
Current:						
Administrative services	311,000	8,718	302,282	79,294	50,468	28,826
Community development						
Police						
Capital outlay						
Total Expenditures	311,000	8,718	302,282	79,294	50,468	28,826
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(253,000)	43,327	296,327	(11,323)	1,015	12,338
OTHER FINANCING SOURCES (USES)						
Transfers (out)				(8,745)	(8,745)	
Total Other Financing Sources (Uses)				(8,745)	(8,745)	
NET CHANGE IN FUND BALANCES	(\$253,000)	43,327	\$296,327	(\$20,068)	(7,730)	\$12,338
BEGINNING FUND BALANCES		703,689			61,246	
ENDING FUND BALANCES		\$747,016			\$53,516	

INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds introduced by GASB Statement 34 does not extend to Internal Service Funds because they do not do business with outside parties. GASB Statement 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

However, Internal Service Funds are still presented separately in the Fund financial statements, including the funds below.

Equipment Replacement

To account for the accumulation of funds for equipment replacement and the subsequent replacement and maintenance of the equipment under City control.

Management Information System

To account for the services rendered to all City departments for management of the City's hardware and software needs.

CITY OF MARTINEZ
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	Equipment Replacement	Management Information System	Total
ASSETS			
Current Assets:			
Cash and investments available for operations	\$478,339	\$698,400	\$1,176,739
Total Current Assets	478,339	698,400	1,176,739
Capital Assets:			
Equipment	4,887,145	403,345	5,290,490
Accumulated depreciation	(3,254,800)	(362,276)	(3,617,076)
Construction in progress	39,579		39,579
Net Capital Assets	1,671,924	41,069	1,712,993
Total Assets	2,150,263	739,469	2,889,732
LIABILITIES			
Current Liabilities:			
Accounts payable	67,685	18,033	85,718
Accrued liabilities	10,574	16,119	26,693
Accrued vacation and other fringe benefits	60,577	57,736	118,313
Deposits		410	410
Total Liabilities	138,836	92,298	231,134
NET POSITION			
Net investment in capital assets	1,671,924	41,069	1,712,993
Unrestricted	339,503	606,102	945,605
Total Net Position	\$2,011,427	\$647,171	\$2,658,598

CITY OF MARTINEZ
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Equipment Replacement	Management Information System	Total
OPERATING REVENUES			
Charges for services	\$1,333,527	\$844,696	\$2,178,223
Other revenue		21,966	21,966
Total Operating Revenues	<u>1,333,527</u>	<u>866,662</u>	<u>2,200,189</u>
OPERATING EXPENSES			
Maintenance and repairs	815,348	873,578	1,688,926
Depreciation	<u>270,541</u>	<u>20,824</u>	<u>291,365</u>
Total Operating Expenses	<u>1,085,889</u>	<u>894,402</u>	<u>1,980,291</u>
Operating Income (Loss)	<u>247,638</u>	<u>(27,740)</u>	<u>219,898</u>
NONOPERATING REVENUES			
Interest income	601	8,893	9,494
Gain on disposal of equipment	<u>8,680</u>		<u>8,680</u>
Total Nonoperating Revenues	<u>9,281</u>	<u>8,893</u>	<u>18,174</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>203,100</u>		<u>203,100</u>
Total Other Financing Sources (Uses)	<u>203,100</u>		<u>203,100</u>
Change in Net Position	460,019	(18,847)	441,172
BEGINNING NET POSITION	<u>1,551,408</u>	<u>666,018</u>	<u>2,217,426</u>
ENDING NET POSITION	<u><u>\$2,011,427</u></u>	<u><u>\$647,171</u></u>	<u><u>\$2,658,598</u></u>

CITY OF MARTINEZ
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Equipment Replacement	Management Information System	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$1,333,611	\$867,072	\$2,200,683
Payments to suppliers	(540,487)	(449,020)	(989,507)
Payments to employees	(255,024)	(408,047)	(663,071)
	<u>538,100</u>	<u>10,005</u>	<u>548,105</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund receipts	<u>74,335</u>		<u>74,335</u>
Cash Flows from Noncapital Financing Activities	<u>74,335</u>		<u>74,335</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(143,378)	(13,046)	(156,424)
Proceeds from sale of equipment	<u>8,681</u>		<u>8,681</u>
Cash Flows from Capital and Related Financing Activities	<u>(134,697)</u>	<u>(13,046)</u>	<u>(147,743)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	<u>601</u>	<u>8,893</u>	<u>9,494</u>
Cash Flows from Investing Activities	<u>601</u>	<u>8,893</u>	<u>9,494</u>
Net Cash Flows	478,339	5,852	484,191
Cash and investments at beginning of period		692,548	692,548
Cash and investments at end of period	<u>\$478,339</u>	<u>\$698,400</u>	<u>\$1,176,739</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	\$247,638	(\$27,740)	\$219,898
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	270,541	20,824	291,365
Change in assets and liabilities:			
Accounts receivable	84		84
Accounts payable	(51,314)	(57,344)	(108,658)
Accrued liabilities	10,574	16,119	26,693
Deposits		410	410
Accrued vacation and other fringe benefits	<u>60,577</u>	<u>57,736</u>	<u>118,313</u>
Cash Flows from Operating Activities	<u>\$538,100</u>	<u>\$10,005</u>	<u>\$548,105</u>

AGENCY FUNDS

Agency Funds account for assets held by the City as agent for individuals, governmental entities, and non-public organizations. These funds include the following:

Alhambra Creek Assessment District

To account for the special assessment district funds received from property owners within the district to repay the debt issued for the Alhambra Creek Channel improvements.

Senior Center Club

To account for the assets held for the Senior Center Club usage.

Sanitation District #6

To account for the operation and maintenance of the treatment facility in the Stonehurst subdivision.

CITY OF MARTINEZ
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<u>Alhambra Creek Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$18,688	\$258		\$18,946
Total assets	<u>\$18,688</u>	<u>\$258</u>		<u>\$18,946</u>
<u>Liabilities</u>				
Due to bondholders	18,688	\$258		\$18,946
Total liabilities	<u>\$18,688</u>	<u>\$258</u>		<u>\$18,946</u>
<u>Senior Center Club</u>				
<u>Assets</u>				
Restricted cash and investments	\$74,795	\$39,570	\$36,201	\$78,164
Total assets	<u>\$74,795</u>	<u>\$39,570</u>	<u>\$36,201</u>	<u>\$78,164</u>
<u>Liabilities</u>				
Accounts payable	\$231		\$231	
Due to members	74,564	\$39,570	35,970	\$78,164
Total liabilities	<u>\$74,795</u>	<u>\$39,570</u>	<u>\$36,201</u>	<u>\$78,164</u>
<u>Sanitation District #6</u>				
<u>Assets</u>				
Restricted cash and investments	\$20,699	\$100,051	\$94,046	\$26,704
Total assets	<u>\$20,699</u>	<u>\$100,051</u>	<u>\$94,046</u>	<u>\$26,704</u>
<u>Liabilities</u>				
Accounts payable	\$9,387	\$8,151	\$9,387	\$8,151
Due to members	11,312	91,900	84,659	18,553
Total liabilities	<u>\$20,699</u>	<u>\$100,051</u>	<u>\$94,046</u>	<u>\$26,704</u>

CITY OF MARTINEZ
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<u>Total Agency Funds</u>				
<u>Assets</u>				
Restricted cash and investments	\$114,182	\$139,879	\$130,247	\$123,814
Total assets	<u>\$114,182</u>	<u>\$139,879</u>	<u>\$130,247</u>	<u>\$123,814</u>
<u>Liabilities</u>				
Accounts payable	\$9,618	\$8,151	\$9,618	\$8,151
Due to bondholders	18,688	258		18,946
Due to members	85,876	131,470	120,629	96,717
Total liabilities	<u>\$114,182</u>	<u>\$139,879</u>	<u>\$130,247</u>	<u>\$123,814</u>

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STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Water System Revenue
4. Principal Property Tax Payers
5. Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Computation of Legal Bonded Debt Margin
3. Computation of Direct and Overlapping Debt
4. Water Fund Certificates of Participation

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

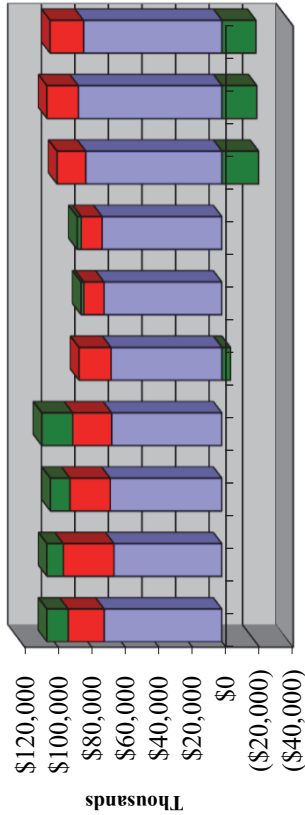
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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CITY OF MARTINEZ
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)



2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

■ Net of Related Debt ■ Restricted ■ Unrestricted

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets										
Restricted	\$46,268,501	\$44,385,099	\$45,011,693	\$45,809,594	\$45,450,132	\$43,734,851	\$44,405,729	\$50,565,076	\$56,186,782	\$53,354,484
Unrestricted	13,524,459	18,207,558	16,908,562	12,532,439	11,108,552	10,781,624	10,960,360	15,835,853	18,015,079	19,257,016
Total governmental activities net position	5,722,653	3,189,334	3,652,112	11,087,516	(13,666,690)	(8,401,847)	(7,757,618)	(28,754,373)	(28,167,323)	(29,454,466)
	\$65,515,613	\$65,572,367	\$65,572,367	\$69,429,549	\$42,891,994	\$46,114,628	\$47,608,471	\$37,646,556	\$46,034,538	\$43,157,034
Business-type activities										
Net investment in capital assets										
Restricted	\$23,863,759	\$19,898,904	\$21,503,114	\$19,877,117	\$20,590,346	\$26,431,563	\$26,940,588	\$30,560,640	\$29,312,357	\$29,082,407
Unrestricted	7,941,902	12,086,217	7,116,866	10,711,495	8,016,662	1,306,401	1,469,604	1,295,916	722,806	700,000
Total business-type activities net position	6,960,954	6,466,983	8,005,741	7,279,730	8,566,322	10,038,713	10,217,982	6,823,011	7,286,313	9,109,769
	\$38,766,615	\$38,452,104	\$36,625,721	\$37,868,342	\$37,173,330	\$37,796,677	\$38,628,174	\$38,679,567	\$37,321,476	\$38,892,176
Primary government										
Net investment in capital assets										
Restricted	\$70,132,260	\$64,284,003	\$66,514,807	\$65,686,711	\$66,040,478	\$70,166,414	\$71,346,317	\$81,125,716	\$85,499,139	\$82,436,891
Unrestricted	21,466,361	30,293,775	24,025,428	23,243,934	19,125,214	12,088,025	12,429,964	17,131,769	18,737,885	19,957,016
Total primary government net position	12,683,607	9,656,317	11,657,853	18,367,246	(5,100,368)	1,656,866	2,460,364	(21,931,362)	(20,881,010)	(20,344,697)
	\$102,857,970	\$104,282,228	\$102,198,088	\$107,297,891	\$80,065,324	\$83,911,305	\$86,236,645	\$76,326,123	\$83,356,014	\$82,049,210

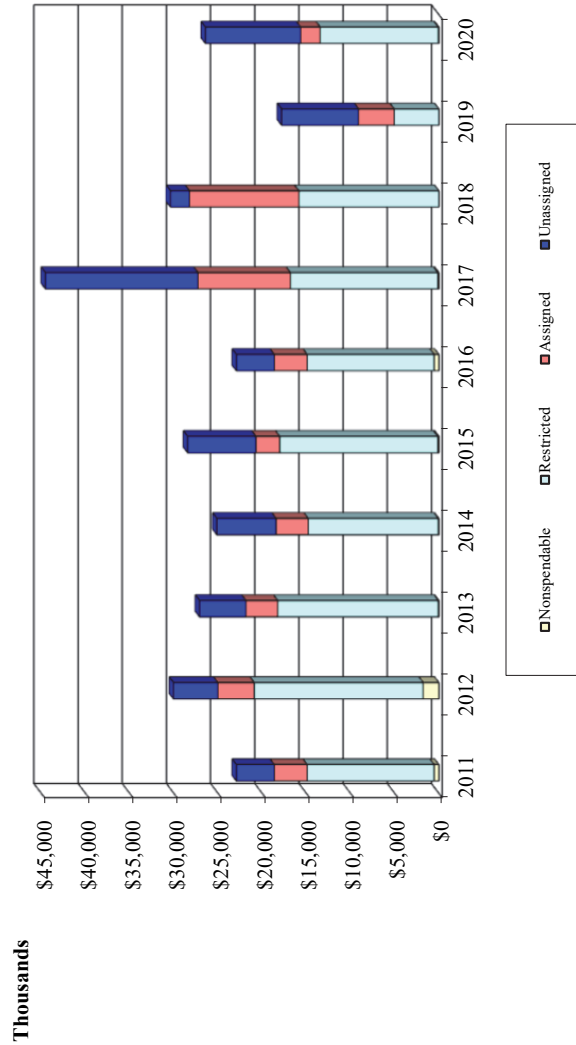
CITY OF MARTINEZ
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities:										
General Government	\$1,888,212	\$1,545,222	\$1,628,907	\$1,372,623	\$1,611,595	\$1,369,469	\$1,918,245	\$1,593,240	\$1,954,127	\$2,922,409
Administrative Services	912,678	945,076	1,000,933	1,132,197	1,068,860	1,413,623	1,809,388	2,164,798	1,794,559	4,375,268
Public Works	4,181,381	3,466,780	3,975,144	3,790,730	3,886,364	5,020,506	4,472,196	4,749,605	5,084,888	12,207,496
Community & Economic Development	6,024,757	5,917,326	5,887,738	8,103,341	6,213,848	6,331,892	6,747,138	8,798,044	7,919,078	7,185,323
Police	10,665,218	10,483,295	10,932,911	10,993,156	10,113,586	10,857,018	11,369,234	14,558,166	13,233,929	14,573,169
Interest on Long-Term Debt	813,299	1,102,335	1,106,817	1,152,130	1,134,763	1,126,363	1,121,663	827,503	1,078,176	1,097,253
Total Governmental Activities Expenses	24,485,545	23,460,034	24,532,450	26,544,177	24,029,016	26,118,871	27,437,864	32,691,356	31,064,757	42,360,918
Business-Type Activities:										
Water System	9,891,686	10,782,125	10,854,257	10,849,585	11,521,664	10,870,282	10,672,421	11,476,441	14,172,167	12,655,652
Marina Services	558,512	410,669	707,155	253,902	210,585	227,217	394,355	971,672	209,209	222,910
Parking Services	483,876	365,585	232,110	229,773	200,029	240,781	249,305	375,223	422,434	304,074
Total Business-Type Activities Expenses	10,934,074	11,558,379	11,793,522	11,333,260	11,932,278	11,338,280	11,316,081	12,823,336	14,803,810	13,182,636
Total Primary Government Expenses	\$35,419,619	\$35,018,413	\$36,325,972	\$37,877,437	\$35,961,294	\$37,457,151	\$38,753,945	\$45,514,692	\$45,868,567	\$55,543,554
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$26,863	\$29,694	\$37,921	\$58,935	\$54,962	\$67,270	\$78,003	\$39,304	\$606,965	\$316,181
Administrative Services	49,145	49,492	3,511	109,688	3,268	16,879	11,354	18,890	1,330,547	1,031,075
Public Works	580,520	666,808	848,572	991,335	1,214,613	1,197,114	919,936	1,020,657	886,456	574,951
Community & Economic Development	547,115	708,532	1,143,313	1,921,226	1,108,481	1,066,618	819,990	886,456	676,608	234,154
Police	441,982	282,683	358,692	494,759	698,631	570,906	398,873	416,263	357,223	415,041
Operating Grants and Contributions	3,034,131	2,617,726	2,472,936	2,643,701	3,004,759	3,488,286	2,593,652	2,964,531	3,275,028	3,101,720
Capital Grants and Contributions	4,308,479	1,861,281	2,882,306	4,658,843	2,700,158	3,167,192	3,992,910	6,205,765	7,268,811	9,408,495
Total Government Activities Program Revenues	8,988,235	6,216,216	7,747,251	10,878,487	8,784,872	9,574,265	8,814,718	11,551,866	13,515,182	14,246,302
Business-Type Activities:										
Charges for Services:										
Water System	9,746,857	10,438,993	11,244,347	11,678,627	11,436,258	11,057,430	11,139,006	12,279,253	12,724,092	206,303
Marina Services	227,759	362,067	143,244	178,017	136,730	139,715	187,929	237,432	222,736	414,370
Parking Services	368,673	327,253	367,904	481,163	468,572	509,013	506,874	527,860	643,542	
Operating Grants and Contributions										
Capital Grants and Contributions					1,019,923	14,866,975	377	355		
Total Business-Type Activities Program Revenues	10,343,289	11,128,313	11,755,495	12,337,807	13,061,483	26,573,133	11,834,186	13,044,900	13,590,370	14,866,975
Total Primary Government Program Revenues	\$19,331,524	\$17,344,529	\$19,502,746	\$23,216,294	\$21,846,355	\$36,147,398	\$20,648,904	\$24,596,766	\$27,105,552	\$24,275,470
Net (Expense)/Revenue										
Governmental Activities	(\$15,497,310)	(\$17,243,818)	(\$16,785,199)	(\$15,665,690)	(\$15,244,144)	(\$16,544,606)	(\$18,623,146)	(\$21,139,490)	(\$17,549,575)	(\$32,952,423)
Business-Type Activities	(590,785)	(430,096)	(38,027)	1,004,547	1,129,205	15,234,853	518,105	221,564	(1,213,440)	1,684,339
Total Primary Government Net Expense	(\$16,088,095)	(\$17,673,914)	(\$16,823,226)	(\$14,661,143)	(\$14,114,939)	(\$1,309,753)	(\$18,105,041)	(\$20,917,926)	(\$18,763,015)	(\$31,268,084)

CITY OF MARTINEZ
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(continued)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	\$6,413,918	\$6,262,596	\$6,154,962	\$6,603,214	\$7,165,086	\$7,755,254	\$8,212,232	\$8,574,093	\$9,163,550	\$9,521,300
Sales Taxes	3,216,371	3,239,219	3,544,810	3,775,971	3,088,342	4,017,775	4,728,669	7,846,172	8,833,455	12,109,821
VLF Property Tax Swap	2,516,117	2,465,909	2,428,253	2,538,617	2,733,906	2,951,290	3,099,796	3,255,258	3,460,202	3,609,753
Other Taxes	2,257,290	2,667,102	2,779,809	4,424,621	2,175,417	2,144,745	1,261,367	809,753	766,450	3,799,608
Franchise Fees	1,356,952	1,379,610	1,468,924	1,516,127	1,546,295	1,624,289	1,734,239	1,772,088		
Business Licenses					683,676	713,938	738,306	746,434		
Intergovernmental	238,498	85,068	72,276	62,369	476,267	96,217	78,469	84,475	77,864	87,729
Investment Earnings	123,304	75,843	74,686	61,227	53,549	202,078	188,096	365,718	497,514	426,469
Miscellaneous	1,259,193	1,157,849	775,704	631,486	397,049	330,185	231,033	215,172	2,745,847	155,247
Gain on sale of capital assets		177,000		31,841	8,250	1,723				
Transfers	(200,605)		(723,849)	(122,601)	(21,238)	(70,254)	(155,218)	(381,780)	392,675	364,992
Total Government Activities	17,181,038	17,510,196	16,575,575	19,522,872	18,306,599	19,767,240	20,116,989	23,287,383	25,937,557	30,074,919
Business-Type Activities:										
Other Taxes	67,403	62,620	70,237	69,169	67,888	67,481	68,869	74,191	78,757	71,327
Investment Earnings	63,307	52,965	45,531	46,304	43,074	117,734	89,682	148,648	168,857	179,671
Rents & Leases										
Miscellaneous										
Contributions										
Transfers	200,605		723,849	122,601	21,238	70,254	155,218	381,780	(392,675)	(364,992)
Total Business-Type Activities	331,315	115,585	839,617	238,074	132,200	255,469	313,769	604,619	(145,061)	(113,994)
Total Primary Government	\$17,512,353	\$17,625,781	\$17,415,192	\$19,760,946	\$18,438,799	\$20,022,709	\$20,430,758	\$23,892,002	\$25,792,496	\$29,960,925
Change in Net Position										
Governmental Activities	\$1,683,728	\$266,378	(\$209,624)	\$3,857,182	\$3,062,455	\$3,222,634	\$3,222,634	\$2,147,893	\$8,387,982	(\$2,877,504)
Business-Type Activities	(259,470)	(314,511)	801,590	1,242,621	1,261,405	623,347	623,347	826,205	(1,358,091)	1,570,700
Total Primary Government	\$1,424,258	(\$48,133)	\$591,966	\$5,099,803	\$4,323,860	\$3,845,981	\$3,845,981	\$2,974,098	\$7,029,891	(\$1,306,804)

CITY OF MARTINEZ
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$536,597	\$526,565	\$75,090	\$77,969	\$67,211	\$71,212	\$67,499	\$11,451	\$4,699	\$81,463
Restricted	2,974	1,053								
Assigned	2,071,135	1,961,611	1,633,745	1,473,738	2,705,355	3,064,471	5,048,345	4,201,563	4,041,044	2,222,999
Unassigned	4,323,175	5,040,539	5,270,651	6,720,878	7,736,927	9,826,549	8,634,938	8,156,998	8,693,898	10,771,769
Total General Fund	<u>\$6,933,881</u>	<u>\$7,529,768</u>	<u>\$6,979,486</u>	<u>\$8,272,585</u>	<u>\$10,509,493</u>	<u>\$12,962,232</u>	<u>\$13,750,782</u>	<u>\$12,370,012</u>	<u>\$12,739,641</u>	<u>\$13,076,231</u>
All Other Governmental Funds										
Nonspendable	\$14,361,436	\$1,250,684			\$71,212	\$67,499	\$67,499	\$15,835,853	\$5,057,007	\$13,348,600
Restricted	1,668,389	19,116,926	\$18,159,246	\$14,703,857	17,874,482	17,252,296	16,665,499	8,187,154		
Assigned	(48,017)	2,179,333	1,981,587	2,177,057	(23,761)	(17,840)	5,428,913	(6,019,278)		
Unassigned		(41,976)	(35,473)	(29,644)			8,617,098			
Total all other governmental funds	<u>\$15,981,808</u>	<u>\$22,504,967</u>	<u>\$20,105,360</u>	<u>\$16,851,270</u>	<u>\$17,921,933</u>	<u>\$17,301,955</u>	<u>\$30,779,009</u>	<u>\$18,003,729</u>	<u>\$5,057,007</u>	<u>\$13,348,600</u>

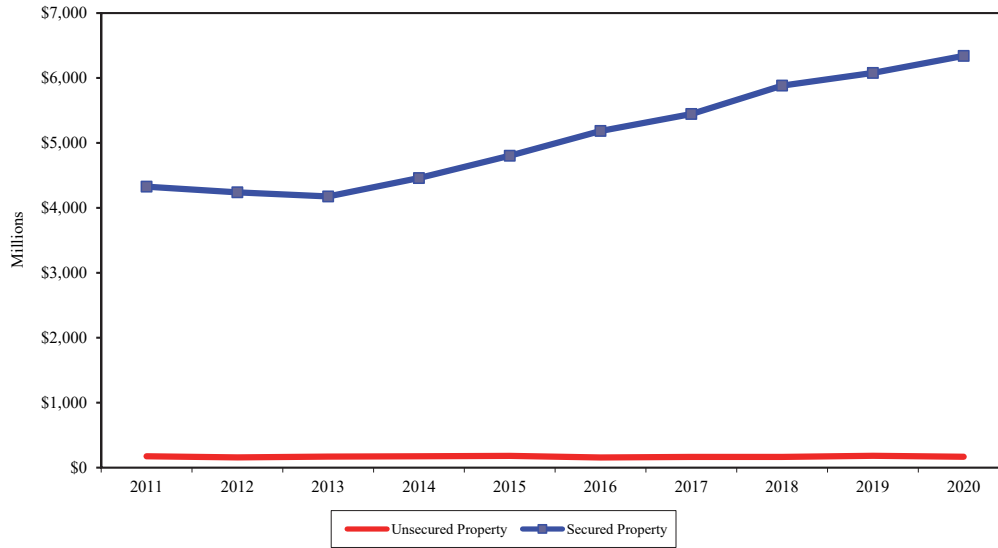
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CITY OF MARTINEZ
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,			
	2011	2012	2013	2014
Revenues				
Taxes	\$15,809,271	\$16,063,061	\$16,376,758	\$17,310,873
Special assessments	2,110,101	2,131,149	2,103,941	1,667,428
Licenses, permits and fees	537,305	599,672	1,073,745	1,984,339
Intergovernmental revenues	5,536,564	2,351,629	3,074,644	6,735,114
Charges for services	470,550	658,908	771,351	1,168,252
Fines and forfeits	429,593	260,961	328,365	533,779
Use of money and property	172,727	131,211	136,927	178,395
Miscellaneous	1,281,478	1,338,225	840,525	687,225
Total Revenues	26,347,589	23,534,816	24,706,256	30,265,405
Expenditures				
Current:				
General government	1,312,555	1,119,861	1,232,407	1,189,903
Nondepartmental services	1,712,090	1,140,089	1,248,093	1,206,920
Administrative services	816,218	881,894	913,886	933,807
Public works	3,627,781	3,551,258	3,764,743	3,569,702
Community & economic development	4,162,888	3,692,811	3,741,772	5,832,338
Police	10,013,872	9,651,789	10,064,111	10,013,626
Capital outlay	9,332,495	6,766,413	2,724,783	7,655,369
Debt service:				
Principal repayment	570,000	595,000	885,000	550,000
Interest and fiscal charges	813,299	1,102,335	1,106,817	1,152,130
Total Expenditures	32,361,198	28,501,450	25,681,612	32,103,795
Excess (deficiency) of revenues over (under) expenditures	(6,013,609)	(4,966,634)	(975,356)	(1,838,390)
Other Financing Sources (Uses)				
Transfers in	963,037	1,135,700	529,742	377,353
Transfers (out)	(1,163,642)	(1,135,700)	(1,253,591)	(499,954)
Issuance of long-term debt		10,000,000		
Bond premium		279,996		
Sale of property		555,000		
Total other financing sources (uses)	(200,605)	10,834,996	(723,849)	(122,601)
Net change in fund balances	(\$6,214,214)	\$5,868,362	(\$1,699,205)	(\$1,960,991)
Debt service as a percentage of noncapital expenditures	6.0%	7.8%	8.7%	7.0%

Fiscal Year Ended June 30,					
2015	2016	2017	2018	2019	2020
\$17,392,721	\$19,207,291	\$19,774,610	\$25,113,574	\$26,959,788	\$30,294,049
1,865,833	2,036,288	2,122,150	123,901	123,901	124,761
1,204,818	947,244	742,292	830,656	841,277	837,627
5,204,168	4,773,110	4,641,699	6,992,487	8,236,918	5,957,457
1,054,933	1,233,169	865,028	979,666	1,618,973	944,829
422,704	467,825	352,285	345,859	301,237	202,262
165,951	321,512	313,965	483,095	637,971	519,372
362,590	417,198	250,566	337,648	304,930	219,891
27,673,718	29,403,637	29,062,595	35,206,886	39,024,995	39,100,248
1,311,797	1,234,239	1,367,650	1,588,134	1,721,588	1,655,974
1,151,381	1,389,052	1,857,896	1,669,156	2,027,830	2,082,549
1,037,182	1,568,815	1,428,655	1,661,691	2,145,127	3,320,528
3,754,724	3,657,350	3,699,160	4,165,292	5,223,787	4,982,675
3,675,189	3,589,532	3,704,043	5,508,533	4,759,860	2,849,596
9,444,399	10,738,380	10,603,450	11,016,751	12,651,241	13,612,093
2,596,686	4,083,178	4,257,539	11,753,314	11,382,816	7,594,640
310,000	110,000	125,000	13,975,000	485,000	764,052
1,134,763	1,126,363	1,121,663	827,503	1,078,176	1,097,253
24,416,121	27,496,909	28,165,056	52,165,374	41,475,425	37,959,360
3,257,597	1,906,728	897,539	(16,958,488)	(2,450,430)	1,140,888
2,467,091	1,690,301	866,400	2,663,900	9,217,132	3,564,485
(2,488,329)	(1,760,555)	(1,181,618)	(3,045,680)	(8,824,457)	(3,402,593)
(21,238)	(70,254)	(315,218)	(381,780)	392,675	161,892
\$3,236,359	\$1,836,474	\$582,321	(\$17,340,268)	(\$2,057,755)	\$1,302,780
6.6%	5.3%	5.2%	5.3%	3.8%	5.7%

**CITY OF MARTINEZ
ASSESSED AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**



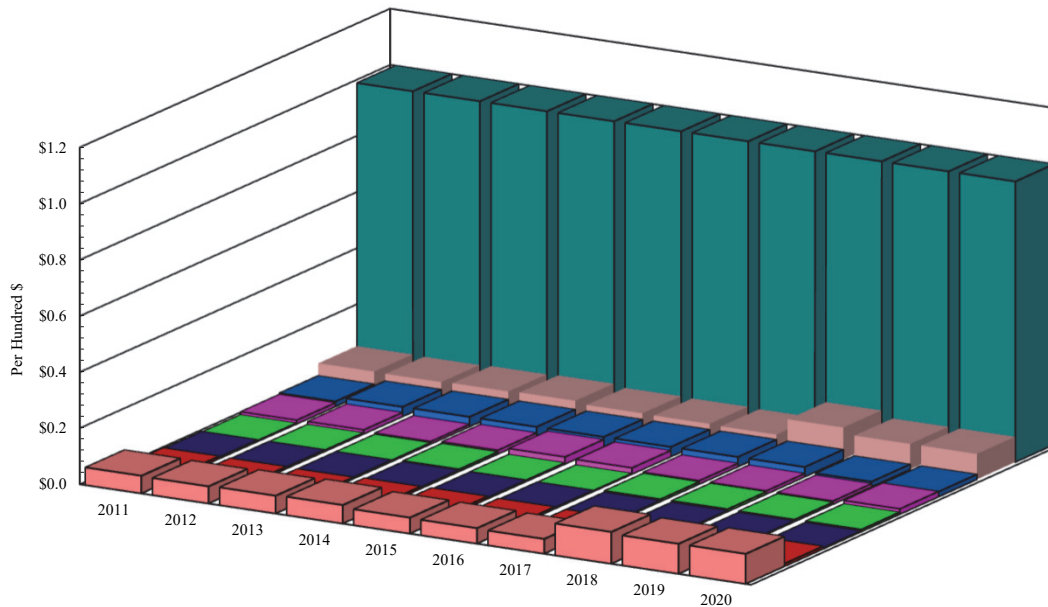
Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
2011	\$3,344,430,122	\$283,901,765	\$466,229,666	\$57,623,622	\$4,152,185,175	\$174,543,244	\$4,326,728,419	\$4,326,728,419	1%
2012	3,270,983,316	278,173,641	475,085,062	58,146,935	4,082,388,954	157,024,907	4,239,413,861	4,239,413,861	1%
2013	3,180,388,843	273,588,400	483,885,447	67,569,176	4,005,431,866	170,207,139	4,175,639,005	4,175,639,005	1%
2014	3,450,089,512	272,590,309	496,280,160	65,053,984	4,284,013,965	175,316,982	4,459,330,947	4,459,330,947	1%
2015	3,790,278,674	275,814,808	478,871,404	76,665,537	4,621,630,423	180,770,037	4,802,400,460	4,802,400,460	1%
2016	4,126,901,318	294,812,660	532,101,663	74,824,562	5,028,640,203	155,618,777	5,184,258,980	5,184,258,980	1%
2017	4,354,185,154	305,474,744	542,151,490	79,081,734	5,280,893,122	164,327,888	5,445,221,010	5,445,221,010	1%
2018	4,630,578,702	314,215,274	554,360,015	219,080,672	5,718,234,663	164,327,888	5,882,562,551	5,882,562,551	1%
2019	4,893,922,245	324,861,596	609,932,388	67,684,825	5,896,401,054	181,831,421	6,078,232,475	6,078,232,475	1%
2020	5,140,463,415	335,745,304	626,240,751	71,236,267	6,173,685,737	166,923,012	6,340,933,949	6,340,933,949	1%

(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The City of Martinez encompasses more than 15 tax rate areas.

Source: Contra Costa County Auditor Controller Office Certificate of Assessed Valuations and HDL Coren & Cone

**CITY OF MARTINEZ
PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**



■ Martinez Unified School District	■ East Bay Regional Park	■ Contra Costa Water Land Levy	■ Bay Area Rapid Transit
■ Contra Costa Community College	■ City of Martinez Bonds	■ Mt. Diablo	■ Basic County Wide Levy

Fiscal Year	Basic County Wide Levy	Bay Area Rapid Transit	Contra Costa Community College	Contra Costa Water Land Levy	East Bay Regional Park	Martinez Unified School District	Mt. Diablo School	City of Martinez Bonds	Total
2011	1.0000	0.0031	0.0133	0.0049	0.0084	0.0629	0.0629	0.0181	1.1736
2012	1.0000	0.0041	0.0144	0.0051	0.0071	0.0608	0.0608	0.0347	1.1870
2013	1.0000	0.0043	0.0087	0.0045	0.0051	0.0633	0.0633	0.0347	1.1839
2014	1.0000	0.0075	0.0133	0.0042	0.0078	0.0658	0.0658	0.0347	1.1991
2015	1.0000	0.0045	0.0252	0.0037	0.0085	0.0568	0.0568	0.0347	1.1902
2016	1.0000	0.0026	0.0220	0.0035	0.0067	0.0550	0.0550	0.0347	1.1795
2017	1.0000	0.0080	0.0120	0.0032	0.0032	0.0524	0.0524	0.0347	1.1659
2018	1.0000	0.0084	0.0114	0.0030	0.0021	0.1133	0.1133	0.0347	1.2862
2019	1.0000	0.0070	0.0110	0.0028	0.0021	0.1067	0.0908	0.0181	1.2385
2020	1.0000	0.0074	0.0188	0.0026	0.0094	0.1067	0.0908	0.0181	1.2538

Source: Contra Costa County Auditor Controller

CITY OF MARTINEZ
Water System Revenue
Last Ten Fiscal Years

Fiscal Year	Water Sales	Total Operating Revenue	Percentage of Water Sales to Operating Revenue
2011	\$9,413,940	\$9,746,857	96.58%
2012	10,058,440	10,438,993	96.35%
2013	10,688,120	11,244,347	95.05%
2014	10,902,108	11,678,627	93.35%
2015	10,166,736	11,436,258	88.90%
2016	10,708,122	11,139,006	88.90%
2017	10,708,122	11,139,006	96.13%
2018	11,841,458	12,279,253	96.43%
2019	12,236,476	12,724,092	96.17%
2020	13,153,473	14,246,302	92.33%

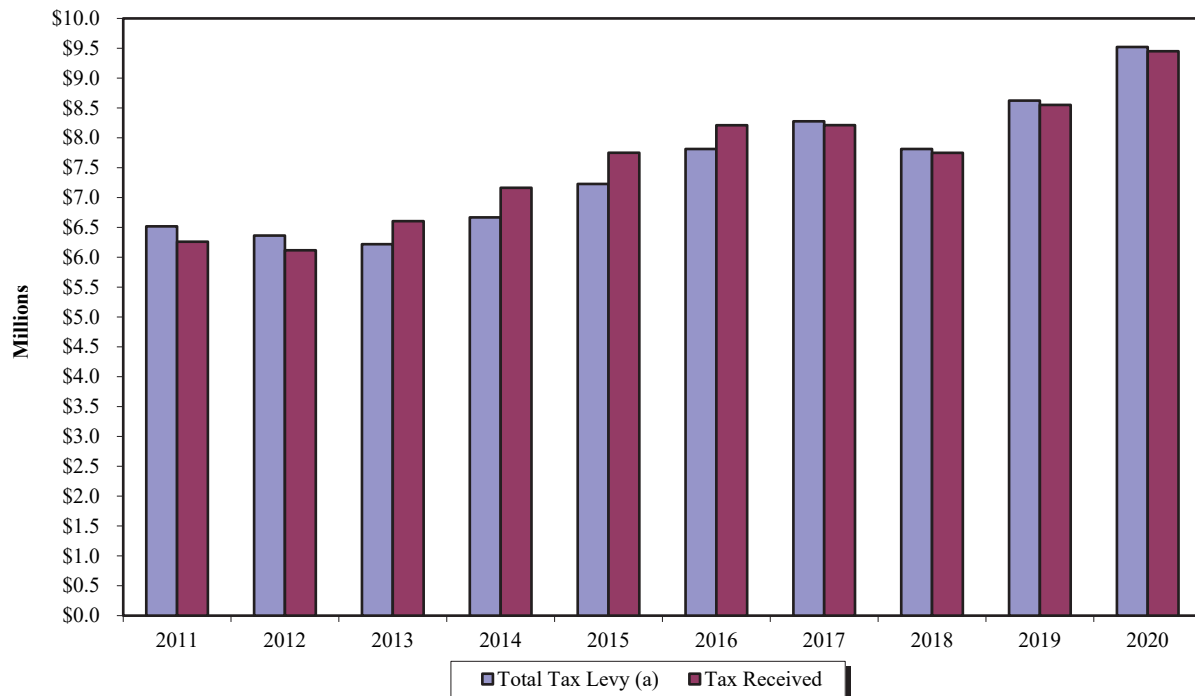
Source: City of Martinez Administrative Services Department

CITY OF MARTINEZ
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2019-2020			2010-11		
	Taxable Assessed Value Secured & Unsecured	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value Secured & Unsecured	Rank	Percentage of Total City Taxable Assessed Value
Equilon Enterprises LLC	\$243,702,882	1	3.8%	\$182,110,256	1	4.2%
Pacific Atlantic Terminals LLC	174,660,987	2	2.8%	140,267,800	2	3.2%
Tesoro Refining & Marketing Company	67,653,980	3	1.1%	41,314,393	3	1.0%
Pur Hidden Creek LLC	40,071,320	5	0.6%			
Muir Station Center LLC	21,867,461	6	0.3%	18,897,658	9	0.4%
Walmart Real Estate Business	21,647,989	7	0.3%	19,656,424	5	0.5%
Muirwood Square Investors	21,315,000	8	0.3%			0.0%
Rutherford Valley Ridge LLC	20,408,748	9	0.3%			0.0%
Collier Village Oaks LLC	16,589,972	10	0.3%	18,831,897	10	0.4%
Stauffer Chemical Company				27,381,092	4	0.6%
Kenneth H. & Martha Hofmann Trust				19,158,168	6	0.4%
Marine Spill Response Corporation				19,081,167	7	0.4%
KW Hidden Creek LLC				18,984,000	8	0.4%
Subtotal	<u>\$670,215,534</u>		<u>10.6%</u>	<u>\$505,682,855</u>		<u>11.7%</u>
Total Net Assessed Valuation:						
Fiscal Year 2019-20	\$6,340,933,949					
Fiscal Year 2010-11	\$4,326,728,419					

Source: HDL Coren & Cone

**CITY OF MARTINEZ
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

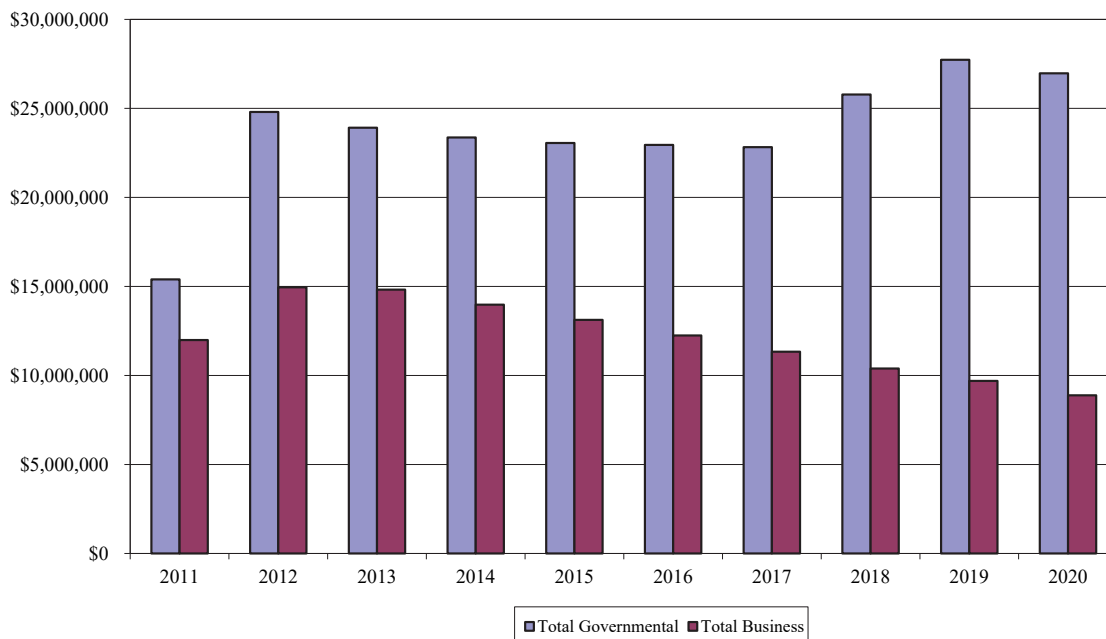


Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	County Administrative Fee	Total Tax Received
2011	\$6,517,643	\$6,517,643	100.00%	(\$103,726)	\$6,260,318
2012	6,364,044	6,364,044	100.00%	(101,448)	6,116,747
2013	6,218,195	6,218,195	100.00%	(63,233)	6,605,001
2014	6,668,234	6,668,234	100.00%	(65,020)	7,162,727
2015	7,227,747	7,227,747	100.00%	(62,661)	7,750,497
2016	7,813,158	7,813,158	100.00%	(65,017)	8,211,338
2017	8,276,355	8,276,355	100.00%	(64,123)	8,212,232
2018	7,813,158	7,813,158	100.00%	(65,017)	7,748,141
2019	8,624,000	8,624,000	100.00%	(73,119)	8,550,881
2020	9,521,300	9,521,300	100.00%	(71,014)	9,450,286

NOTE: (a) During fiscal year 1995, the County began providing the City 100% of its tax levy under an agreement which allows the County to keep all interest and delinquency charges collected.

Source: Contra Costa County Auditor-Controller

CITY OF MARTINEZ
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years



Governmental Activities				Percentage of Actual Taxable Value of Property	General Bonded Debt Per Capita
Fiscal Year	General Obligation Bonds	Certificates of Participation	Total		
2011	\$14,660,000	\$735,000	\$15,395,000	0.34%	\$404.69
2012	24,300,000	500,000	24,800,000	0.57%	664.33
2013	23,660,000	255,000	23,915,000	0.57%	642.20
2014	23,365,000		23,365,000	0.52%	633.35
2015	23,055,000		23,055,000	0.48%	622.15
2016	22,945,000		22,945,000	0.44%	609.30
2017	22,820,000		22,820,000	0.42%	599.00
2018	25,780,000		25,780,000	0.44%	615.86
2019	25,295,000	2,438,734	27,733,734	0.42%	657.18
2020	24,985,000	1,984,682	26,969,682	0.39%	673.34

Business-Type Activities				Total Primary Government	Percentage of Personal Income (a)	Per Capita
Fiscal Year	Certificates of Participation	Loans Payable	Total			
2011	\$7,760,000	\$4,228,497	\$11,988,497	\$27,383,497	2.05%	\$756
2012	10,805,000	4,146,224	14,951,224	39,751,224	2.90%	1,086.75
2013	10,647,884	4,171,723	14,819,607	38,734,607	2.72%	1,051.37
2014	9,780,632	4,197,223	13,977,855	37,342,855	2.61%	1,012.25
2015	8,898,380	4,222,723	13,121,103	36,176,103	(a)	976.23
2016	7,996,130	4,248,223	12,244,353	35,189,353	(a)	934.45
2017	7,058,880	4,273,724	11,332,604	34,152,604	(a)	896.46
2018	6,091,630	4,299,224	10,390,854	36,170,854	(a)	934.45
2019	5,371,000	4,324,724	9,695,724	37,429,458	(a)	989.42
2020	4,537,130	4,350,224	8,887,354	35,857,036	(a)	966.34

(a) Personal Income data not available for fiscal years 2014 through 2018

Sources:

City of Martinez

State of California, Department of Finance (population)

U.S. Department of commerce, Bureau of the Census (income)

CITY OF MARTINEZ
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2020

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$6,174,010,937
---	-----------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$231,525,410
---	---------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$25,780,000
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	0
Amount of debt subject to limit	25,780,000

LEGAL BONDED DEBT MARGIN	\$205,745,410
--------------------------	---------------

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2011	\$155,706,944	\$14,660,000	\$141,046,944	10.39%
2012	153,089,586	24,300,000	128,789,586	18.87%
2013	156,586,463	23,660,000	132,926,463	17.80%
2014	167,224,911	23,365,000	143,859,911	16.24%
2015	180,090,017	23,055,000	157,035,017	14.68%
2016	204,195,788	22,945,000	171,464,712	13.38%
2017	204,195,788	22,820,000	181,375,788	12.58%
2018	220,596,096	25,780,000	194,816,096	13.23%
2019	221,115,040	25,780,000	195,335,040	13.20%
2020	231,525,410	25,780,000	205,745,410	12.53%

NOTE:

- (a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

**CITY OF MARTINEZ
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2020**

2019-20 Assessed Valuation \$5,340,920,246

	Total Debt 06/30/19	(1) % Applicable	City's Share of Debt 6/30/19
<u>DIRECT LONG-TERM DEBT</u>			
City of Martinez	<u>\$25,780,000</u>	100.000%	<u>\$25,780,000</u>
Subtotal Direct Long-term Debt	25,780,000		25,780,000
 <u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u>			
Contra Costa County	342,153,035	2.936%	10,045,613
Bay Area Rapid Transit District	342,719,362	2.936%	10,062,240
East Bay Regional Park District	66,651,714	2.936%	1,956,894
Contra Costa Community College District	832,650,000	2.936%	24,446,604
Martinez Unified School District	115,290,000	59.081%	68,114,485
Mount Diablo Unified School District	563,550,218	2.946%	16,602,189
Contra Costa Fire	40,915,000	2.936%	1,201,264
 TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	1,987,556,294		148,163,578
 <u>OVERLAPPING GENERAL FUND DEBT</u>			
Contra Costa County Certificates of Participation	\$85,690,000	2.936%	2,516,019
 TOTAL NET OVERLAPPING GENERAL FUND DEBT			<u>\$ 2,516,019</u> (2)
Less Contra Costa County self-supporting obligations			<u>2,516,019</u>
TOTAL NET DIRECT AND OVERLAPPING LONG-TERM DEBT			<u>\$ -</u>
 TOTAL DIRECT DEBT			\$ 25,780,000
DIRECT AND OVERLAPPING DEBT			\$ 176,459,697
NET OVERLAPPING DEBT			\$ 148,163,678

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

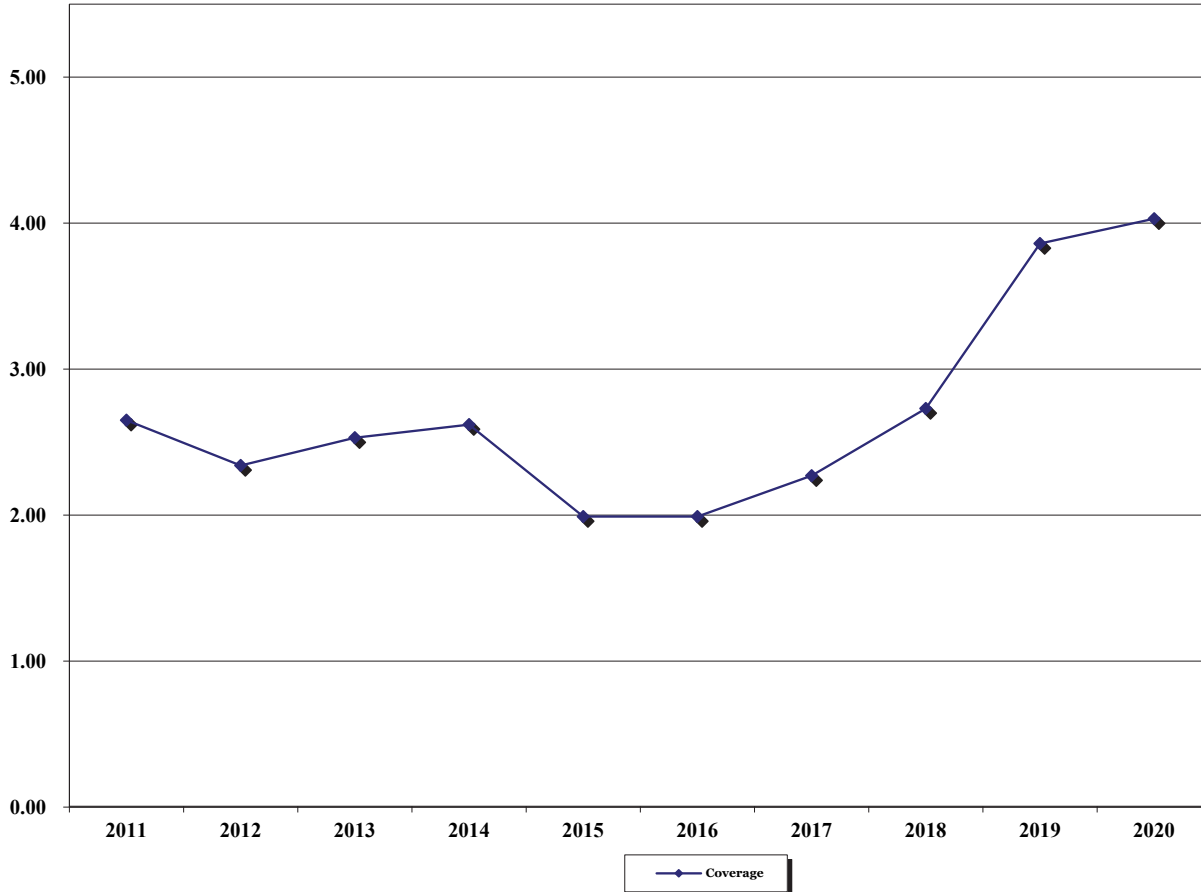
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

2019/20 Assessed Valuation: \$6,340,920,246 After Deducting \$0 Incremental Value.

Direct Debt	0.41%
Overlapping Debt	2.36%
Total Debt	2.77%

Data Source: HdL Coren & Cone, Contra Costa County Assessor and Auditor Combined 2019/20 Lien Date Tax Rolls
This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

**CITY OF MARTINEZ
WATER FUND CERTIFICATES OF PARTICIPATION
DEBT COVERAGE CALCULATION
LAST TEN FISCAL YEARS**

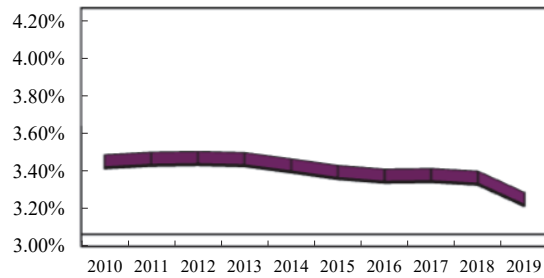


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
2011	\$9,805,813	\$7,548,774	\$2,257,039	\$520,000	\$371,092	\$891,092	2.65
2012	10,488,260	8,318,126	2,170,134	345,000	181,771	526,771	2.34
2013	11,286,802	8,670,144	2,616,658	795,000	354,089	1,149,089	2.53
2014	11,722,012	8,703,244	3,018,768	820,000	332,370	1,152,370	2.62
2015	11,476,090	9,202,430	2,273,660	835,000	309,485	1,144,485	1.99
2016	11,160,659	8,571,619	2,589,040	855,000	285,799	1,140,799	1.99
2017	11,214,057	8,357,609	2,856,448	890,000	258,528	1,148,528	2.27
2018	12,279,253	9,150,342	3,128,911	920,000	227,681	1,147,681	2.73
2019	12,724,092	8,337,734	4,386,358	940,000	195,700	1,135,700	3.86
2020	13,299,003	10,345,874	2,953,129	520,000	211,992	731,992	4.03

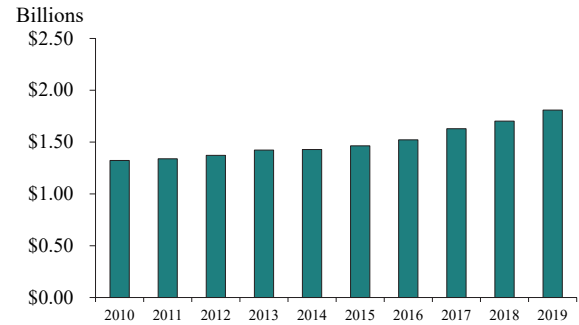
Notes: (1) Includes all Water Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenues
(2) Includes all Water Operating Expenses less Depreciation and Interest

Source: City of Martinez Annual Financial Statements

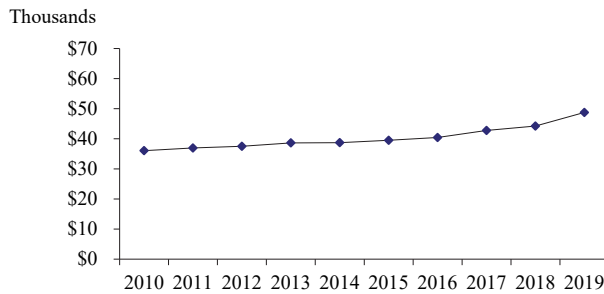
CITY OF MARTINEZ DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN CALENDAR YEARS



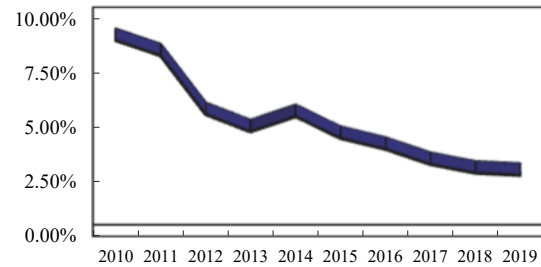
■ City Population % of County



■ Total Personal Income (a)



◆ Per Capita Personal Income (a)



■ Unemployment Rate (%)

Calendar Year	City Population	Total Personal Income (a)	Per Capita Personal Income (a)	Unemployment Rate (%)	Contra Costa County Population	City Population % of County
2010	36,663	\$1,321,884,000	\$36,055	9.0%	1,073,055	3.42%
2011	36,225	1,338,550,000	36,951	8.3%	1,056,064	3.43%
2012	36,578	1,371,821,000	37,504	5.6%	1,065,117	3.43%
2013	36,842	1,423,575,000	38,640	4.8%	1,074,702	3.43%
2014	36,891	1,428,309,000	38,717	5.5%	1,086,553	3.40%
2015	37,057	1,464,010,000	39,507	4.5%	1,102,871	3.36%
2016	37,658	1,522,185,000	40,421	4.0%	1,127,279	3.34%
2017	38,097	1,629,580,000	42,774	3.3%	1,139,313	3.34%
2018	38,490	1,702,724,000	44,238	2.9%	1,155,879	3.33%
2019	37,106	1,808,937,000	48,751	2.8%	1,153,561	3.22%

NOTES: (a) Per capita personal income are only available for Contra Costa County.

Personal income is the product of the countywide per capita amount multiplied by the City's population.

(b) Data for fiscal years 2014, 2015, and 2016 not available

Source: California State Department of Finance
Bureau of Economic Analysis
California State Employment Development Department

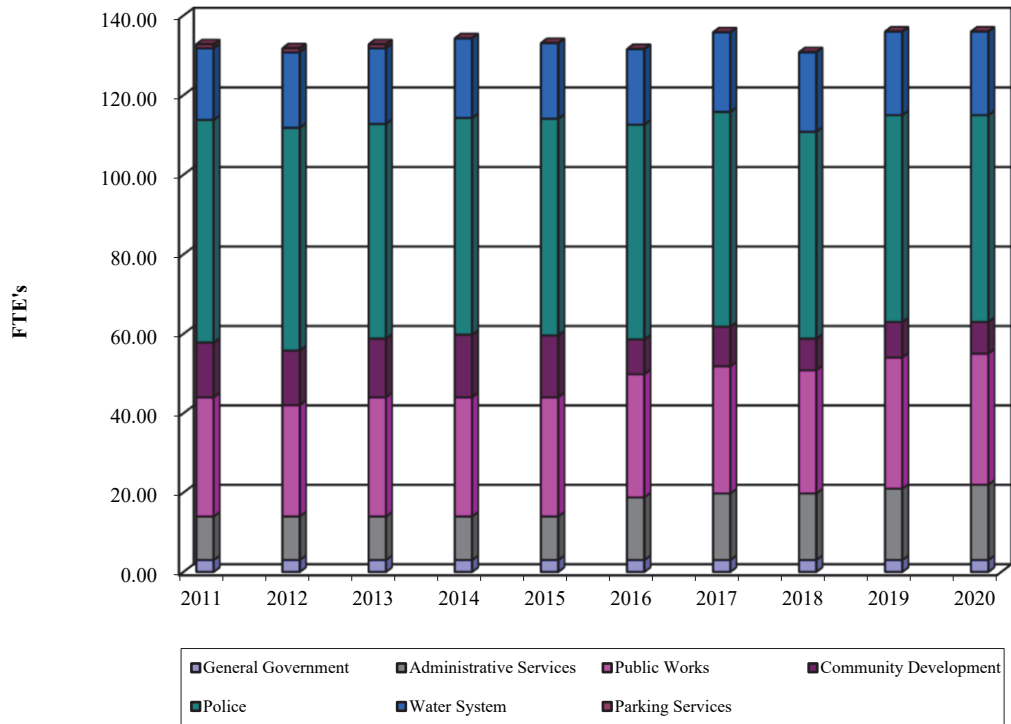
CITY OF MARTINEZ
Principal Employers
Current Year and Ten Years Ago

Employer	2019-20			2009-10		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Contra Costa County (a)	9,823	1	47.92%	9,847	1	44.96%
Veterans Admin Medical Center	962	2	4.69%	650	4	2.97%
Kaiser Permanente	730	3	3.56%	722	3	3.30%
Equilon Enterprises LLC	702	4	3.42%			
Martinez Unified School District	672	5	3.28%	380	5	1.74%
Wal-Mart Store	275	6	1.34%	234	6	1.07%
Safeway Stores	190	7	0.93%	174	7	0.79%
Home Depot	125	8	0.61%	120	10	0.55%
City of Martinez	136	9	0.66%	127	9	0.58%
Brand Energy & Infrastructure Service	120	10	0.59%			
Shell Oil Refinery				742	2	3.39%
Contra Costa Electric				150	8	0.68%
Total Top Employers	<u>13,735</u>		<u>67.00%</u>	<u>13,146</u>		<u>60.03%</u>
Total City Employment	<u><u>20,500</u></u>			<u><u>21,900</u></u>		

(a) Contra Costa County employee count represents the entire county.

Source: City of Martinez

CITY OF MARTINEZ
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years



	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function										
General Government	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Administrative Services	11.00	11.00	11.00	11.00	11.00	15.80	16.80	16.80	18.00	19.00
Public Works	30.00	28.00	30.00	30.00	30.00	31.00	32.00	31.00	33.00	33.00
Community Development	13.80	13.80	14.80	15.80	15.60	8.80	10.00	8.00	9.00	8.00
Police	56.00	56.00	54.00	54.50	54.50	54.00	54.00	52.00	52.00	52.00
Water System	18.00	19.00	19.00	20.00	19.00	19.00	20.00	20.00	21.00	21.00
Parking Services	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	132.80	131.80	132.80	134.30	133.10	131.60	135.80	130.80	136.00	136.00

Source: City of Martinez Administrative Services Department

CITY OF MARTINEZ
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year			
	2011	2012	2013	2014
Function/Program				
Public safety:				
Police:				
Police calls for Service	27,501	24,700	27,584	28,782
Law violations:				
Part I and Part II crimes	4,079	3,612	3,857	3,854
Physical arrests (adult and juvenile)	1,622	1,162	1,348	1,417
Traffic violations	1,738	1,040	1,012	1,464
Parking violations	9,226	3,143	7,554	12,153
Public works				
Street resurfacing				
Seal Coat (miles)	0.00	0.00	0.00	1.82
Asphalt overlay (miles)	1.90	0.50	0.87	0.15
Culture and recreation:				
Community Services:				
Number of recreation classes	458	520	726	730
Number of community events	72	72	150	162
Number of facility rentals	416	263	521	532
Water				
Water service connections - active	9,767	9,777	9,768	9,807
Water main breaks	34	40	52	33
Average daily consumption (thousands of gallons)	3,470	3,594	3,770	3,779

Source: City of Martinez

Fiscal Year					
2015	2016	2017	2018	2019	2020
32,234	32,234	32,913	28,081	30,702	31,639
3,802	3,802	3,633	2,114	721	883
1,394	1,394	1,179	1,014	722	1,454
886	886	740	390	567	1,296
9,739	9,739	8,513	8,302	8,734	2,812
0.10	0.10	0.00	9.84	10.28	15.60
0.10	0.10	0.41	0.41	0.80	2.75
720	720	744	739	796	61
170	170	174	185	97	67
660	660	645	685	790	161
9,846	9,846	9,943	9,955	9,950	9,945
23	23	40	42	20	
3,829	3,829	3,974	3,315	3,222	3,308

CITY OF MARTINEZ
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year			
	2011	2012	2013	2014
Function/Program				
Public safety:				
Police stations	1	1	1	1
Police sworn officers	39	37	37	37
Public works				
Miles of streets	122	122	122	122
Street lights	5,005	5,005	5,017	5,017
Traffic Signals	265	265	265	265
Culture and recreation:				
Community services:				
City parks	17	17	17	17
City parks acreage	271	271	271	271
Playgrounds	14	14	14	14
City trails	9	9	9	9
Roadway landscaping acreage	12	12	12	12
Community gardens	1	1	1	1
Senior centers	1	1	1	1
Performing arts centers	1	1	1	1
Swimming pools	1	1	1	1
Tennis courts	10	10	10	10
Skateboard Park	1	1	1	1
Baseball/softball diamonds	11	11	11	11
Soccer fields	7	7	7	7
Water				
Miles of water lines	100	100	100	100
Storage capacity (thousands of gallons)	9,522,000	9,522,000	9,522,000	9,522,000

Source: City of Martinez

Fiscal Year					
2015	2016	2017	2018	2019	2020
1	1	1	1	1	1
37	37	37	37	37	37
122	122	122	122	122	122
5,017	5,017	5,017	5,017	5,017	5,017
265	265	265	265	265	265
17	17	17	17	17	17
271	271	271	271	271	271
14	14	14	14	14	14
9	9	9	9	9	9
12	12	12	12	12	12
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
10	10	10	10	10	10
1	1	1	1	1	1
11	11	11	11	11	11
7	7	7	7	7	7
100	100	100	100	100	138
9,522,000	9,522,000	9,522,000	9,922,000	9,922,000	9,970,000

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